

Comprehensive Annual Financial Report

North Olmsted City School District 6-12 CAMPUS COMING 2018



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North Olmsted City School District

For the Fiscal Year Ended June 30, 2018
North Olmsted, Ohio

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NORTH OLMSTED CITY SCHOOL DISTRICT

North Olmsted, Ohio

Comprehensive

Annual Financial Report

For the Fiscal Year Ended June 30, 2018

Prepared by

Treasurer's Office
Robert J. Matson CPA
Treasurer

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INTRODUCTORY SECTION

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North Olmsted City School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018
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*North Olmsted City School District
Administrative Offices
26669 Butternut Ridge Road
North Olmsted, Ohio 44070*



March 22, 2019

Members of the North Olmsted Board of Education and
Residents of North Olmsted City School District:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the North Olmsted City School District (the School District) for the year ended June 30, 2018. This CAFR includes an opinion from the State Auditor and conforms to U.S. generally accepted accounting principles in the United States of America as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District. This report will provide the taxpayers of the North Olmsted City School District with comprehensive financial data in a format that will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to the North Olmsted Public Library, major taxpayers, financial rating services, local bankers and other interested parties.

THE REPORTING ENTITY

The School District has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement (GASB) No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units" and GASB Statement No. 61 "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments and organizations making up the North Olmsted City School District (the primary government) and its potential component units. The district has no component units.

Excluded from the reporting entity because they are fiscally independent of the School District are the City of North Olmsted, the Cuyahoga County Public Library and the Parent Teacher Association. A complete discussion of the School District's reporting entity is provided in Note 1 to the basic financial statements.

The School District is a member of the North Coast Council, the Polaris Career Center, the North Olmsted City Schools Education Foundation and the Ohio Schools Council Association. The relationship of these jointly governed organizations with the School District is described in more detail in Note 15 of the basic financial statements.

ORGANIZATIONAL STRUCTURE

Statutorily, the School District operates under the standard prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 of the Ohio Revised Code, to provide educational services prescribed by State and Federal agencies. The Board of Education is made up of five members elected at large, with staggered four-year terms. The Board of Education elects its President and Vice President annually, and appoints two officials: the Superintendent, who serves as the Chief Executive Officer, and the Treasurer, who serves as the Chief Financial Officer. The School District is one of 611 public school districts in the State of Ohio. The School District provides education services to approximately 3,818 students in kindergarten through twelfth grade. The District also provides a wide range of services for preschool-aged children, special education and vocational type academic programs. Student enrollment in the School District in the past ten years has declined 20.4% from 4,587 to 3818. The Administrations has projected student enrollment will stabilize during the next few years.

SCHOOL DISTRICT

The North Olmsted City School District is located in western Cuyahoga County, approximately 17 miles southwest of downtown Cleveland. The School District encompasses the entire City of North Olmsted, a community with a population of approximately 32,000. The City is primarily residential with a significant commercial tax base of retail businesses.

The School District was chartered in 1831 by the Ohio State legislature two years after the name "Olmstead" was assigned to the area. The region was named after Aaron Olmstead, an investor and Revolutionary War soldier who purchased land in the area in 1794. The exact time and reason for changing to the current spelling is unclear from the historical records. In 1837, under the auspices of the Office of the State Superintendent of Common School Education, Township Trustees were authorized to levy compulsory taxes for the support of public education. In 1853 State laws were enacted to create locally elected boards of education to govern local school districts.

Statutorily, the School District operates under standards prescribed by the Ohio State Board of Education as provided in Section 3301.07(D) of the Ohio Revised Code, to provide educational services authorized by charter and further mandated by State and Federal agencies. Under Ohio law, the School District is a separate and distinct unit of government with its own taxing authority.

The School District maintains 3 primary and 3 intermediate school buildings that are 47 to 62 years old. A new middle and high school complex is currently under construction and is scheduled to open in August 2018.

ECONOMIC CONDITION AND OUTLOOK

In the 2010 Census classifications, the School District was placed in the Cleveland- Elyria-Mentor Metropolitan Statistical Area (MSA), comprised of the five counties of Cuyahoga, Geauga, Lake, Lorain and Medina. The School District is also in the Cleveland-Akron-Canton Consolidated Statistical Area (CSA). It was in the former Cleveland-Lorain-Elyria Primary Metropolitan Statistical Area (PMSA) that in 2003 was redefined to exclude Ashtabula County and was reclassified as the MSA. Only limited statistics are available for the new MSA and CSA.

The School District's 2010 population was 32,510. The U.S. Census Bureau estimates that the School District's 2015 population was 32,113. Its area is approximately 12.0 square miles. Land use, as measured by the assessed value of real property, is presented in the following table.

Percent of Assessed Valuation of Real Property	
Residential	66.85%
Commercial/Industrial	30.78%
Public Utility	2.37%
Agricultural	0.00%
	<u>100.00%</u>

Source: Cuyahoga County Fiscal Officer

The School District's general area is served by diversified transportation facilities. Immediate access is to three State and U.S. highways and to Interstate Highways 480 and 80 (the Ohio Turnpike).

Passenger air service is available to the general area of the School District at Cleveland Hopkins International Airport, located within five miles of the School District, and the School District is adjacent to areas served by the Norfolk Southern, CSX and Amtrak railroads. Public mass transit for the area is provided by the Greater Cleveland Regional Transit Authority.

Banking and financial services are provided to the School District area by 12 commercial banks and savings and loan associations operating a total of 14 offices within the School District, all of which have their principal offices elsewhere.

One daily newspaper and two weekly newspapers serve the School District. The School District is within the broadcast area of numerous television stations and AM and FM radio stations. Multi-channel cable TV service, including educational, governmental and public access channels, is provided by Time Warner, WOW and AT&T U-verse.

Within commuting distance are several public and private two-year and four-year colleges and universities, including Baldwin Wallace University, Case Western Reserve University, Cleveland State University, Cuyahoga Community College, Virginia Marti College of Art & Design, John Carroll University, Lorain County Community College, Notre Dame College, Oberlin College, Ursuline College, the Cleveland Institute of Art and the Cleveland Institute of Music.

The Cuyahoga County Public Library, a separate political subdivision, provides library services and serves as a center of community life in the City and 46 other communities in the County. The Library's operations are funded by public library fund distributions from the State and voted ad valorem property taxes approved by voters in its entire service area. In 2001, the Library and the City entered into a cooperative agreement pursuant to which the Library agreed to provide free public library services in the City and the City constructed a 30,000 square foot library building, adjacent to its City Hall complex and across the street from the School District's Middle School campus, and leased that building to the Library.

School District residents are served by six hospitals located within a 10-mile radius of the School District: Lakewood Hospital and Fairview General Hospital, both of which are part of The Cleveland Clinic Health System, St. John West Shore Hospital and Southwest General Hospital, which are part of or affiliated with the University Hospitals Health System, Metro General Hospital, which is a part of the MetroHealth System, and Elyria Medical Center, which is a part of the EMH Regional Health Care System.

The City has four parks with an aggregate of approximately 104 acres of developed and undeveloped land. Facilities in those parks include a Community Cabin and Senior Center, a recreation center with swimming, ice skating, tennis and other indoor recreational facilities, soccer and baseball fields, picnic grounds, tennis courts, basketball courts and an outdoor swimming pool. In addition, two parks owned and operated by the Cleveland Metropolitan Park District are located within the City. The City also owns and operates a municipal golf course which, with related facilities, covers approximately 143 acres.

The City, with cooperation by the School District, has activity promoted commercial, residential and light industrial development.

The largest commercial development in the School District includes the Great Northern Shopping Mall and the adjacent Great Northern Shopping Center, together constituting a 2.0-million-square-foot retail complex with approximately 225 stores, professional and medical offices and restaurants; the Great Northern Corporate Center I, II and III, a 267,000-square-foot executive office complex; and the Great Northern Technology Center, a 144,000-square-foot office complex. All of this development is located adjacent to an interchange on interstate highway I-480. The properties have been developed in phases over the past 40 years, and the businesses located in them now provide employment for approximately 4,800 persons.

Commercial projects that are ongoing in the planning or construction phase or have occurred in recent years in the School District include:

- Remodeling and renovation projects at the Great Northern Shopping Mall to provide updated retail space and the construction of restaurants on outparcels at the Mall and other shopping areas
- Automobile dealership improvements including the construction or renovation of the existing signage, showrooms and garage facilities of Cadillac Buick GMC, Chrysler Dodge Jeep Ram, Honda and Mercedes dealerships.
- Renovation of several small businesses along Lorain Road, including facade, signage and other exterior improvements.
- Construction of a new 118-bed Hampton Inn that is currently nearing completion.
- Construction of a new 135-bed Aloft Hotel.

The City has a history of supporting and promoting development and redevelopment. In 1992, the City established a City-wide community reinvestment area and actively participated in the designation by the State of an enterprise zone covering approximately one half of the City and including an industrial park, the Great Northern commercial complexes and most of the undeveloped land in the City. The City has agreed to share with the School District a portion of the payroll and corporate income taxes it receives during the period of abatement to compensate the School District for a portion of the property taxes abated.

Under its updated community reinvestment area program, the City approved a 10- year, 50% property tax abatement to support the \$14 million Aloft Hotel project, resulting in the creation of approximately 25 new jobs and an annual payroll of approximately \$800,000.

In 2009, the City established a program permitting it to offer grants for job creation to attract new businesses or retain businesses seeking to offset costs of capital projects, product diversification, employee training and research and development. All such grants are to be funded from the withholding taxes the City collects from employees in the new jobs created. The City has completed three such grants, and the recipients of those grants created an estimated 200 new jobs and an additional \$11.4 million in payrolls.

In 2012, the City Council passed legislation designating improvements to property in the area of the Great Northern development to be a public purpose, exempting those improvements from property taxation for a period of 30 years, and requiring the owners of the property to make certain service payments to provide Tax Increment Financing (TIF) for future infrastructure improvements for the benefit of the Great Northern area business corridor. Those infrastructure improvements include, among others, traffic signal upgrades, street and interchange modifications, and streetscape enhancements.

In 2016, the City added a job retention tax credit program to its current economic development incentives to encourage existing businesses to renovate and expand their leased office space and remain in the City rather than relocating elsewhere.

In 2015, the City completed the final phase of a five-year sanitary sewer system improvement program that involved both wastewater treatment plant and collection system improvements costing approximately \$58 million in the aggregate.

Due to the economic planning by the City, the School District has a positive outlook for the future with respect to tax collection revenue resulting in new development and economic growth.

MAJOR INITIATIVES

Excellence in the Arts

North Olmsted High School choral groups Special Edition and Coming Attractions performed winter and spring concerts and were featured on a local radio station to promote their music and CD. The Pine and Maple Intermediate choirs performed the National Anthem at the Quicken Loans Arena before a Monsters hockey game.

The 2018 Town Planner Calendar was delivered to all of the homes and businesses in North Olmsted and features the artwork from the high school students. The calendar provides a cost effective means to showcase our student art and provide major dates and contact information for the community

On March 3, 2018, North Olmsted High School hosted the regional judging competition for the Ohio Governor's Youth Art Show. Student volunteers from the National Arts Honor Society organized the event. Fourteen students from North Olmsted High School had their artwork judged in the State competition.

Excellence in Academics

Ten North Olmsted High School students served as global ambassadors and participated in the 14th Annual Chicago International Model United Nations Conference (CIMUN) in December 2017. Over 1,000 students from 60 schools across the country participated in the international competition. CIMUN is a realistic and intensive UN roleplaying simulation where students work on the challenges involved in facilitating cooperation between sovereign nation states. The Education Foundation funded their participation.

The High School Data Science team took 1st place honors in the Second Annual Data Science Competition at Case Western Reserve University. The team members were involved in AP Statistics and AP Computer Science classes at NOHS. The competition was created by The HIT Convening Group and sponsored by CoverMyMeds, BioEnterprise, the Cleveland Foundation, and Case Western Reserve University.

The Junior Engineering Technology Society (JETS) team placed second in Division A at the Technology Student Association competition at Ohio Northern University with first place wins over large private schools that send multiple teams.

Sodexo Management, Inc. sponsored “Future Chefs” competition encouraging students to create a healthy meal option. Community members, including the Mayor and Board of Education members, serve as judges. This year students and community members started a Garden Council and planted a large community garden on the Chestnut school grounds.



The Class of 2018, received over \$4 million in scholarships to two and four year colleges. Four students of the Class were recognized as semifinalists or commended students in the National Merit Scholarship Program.

At the annual Senior Honors Night the thirty-two different school and community organizations awarded 75 scholarships totaling \$79,000 which included \$22,000 from The North Olmsted Kiwanis and \$15,000 from the North Olmsted City Schools Education Foundation.

Maple Intermediate School held a STEM (Science, Technology, Engineering, and Math) day with presenters from NASA in Cleveland.

The School District completed a series of community meetings with local business leaders, teachers, city officials and community members to create the Profile of a Graduate on what students will need to know in order to be successful in college and career.

The North Olmsted City Schools Education Foundation awarded \$15,000 to the Class of 2018 for scholarships and sponsored a College and Military Signing Day in May for students to celebrate their accomplishments and move from High School to college and the military. Representatives from over 25 different colleges were on hand to congratulate the students and welcome them to higher education or their branch of the military.

Students met with state legislators on October 30th including Ohio Secretary of State Jon Husted, Ohio Senator Matt Dolan (District 24), Ohio House of Representatives Dave Greenspan (District 16) and former Forest Primary teacher and now an Ohio State Senator Gayle Manning (District 13.) Senator Dolan urged students to do their own research when deciding on an issue and vote as an informed citizen. Representative Greenspan also stressed the importance of voting and having a voice brings with it the responsibility to vote. Senator Manning was a teacher for 37 years in the district and was happy to see some of her former primary age students as NOHS juniors and seniors. She reminded students that if they register to vote in the town where they attend college, they must vote in that jurisdiction and not for their local hometown officials.

The School District's Early Childhood Preschool Program earned a 5 star rating from the Department of Education's Ohio Step Up to Quality Program.

The School District's offers a gifted and enrichment program for students in grades K through 12 which provides acceleration in reading and mathematics. The program ranks in the top 10% of those offered by school district in the State based upon report card data.

Excellence in Athletics

Samer Babi was an inspiration to his fellow high school students and teammates and received the Courage Award at the 18th Annual Greater Cleveland Sports Award banquet in January. He helped Chick-fil-A promote the "Kickin for Chicken" campaign and led the school's "Kick it for Cancer" fundraiser that helps raise money every time their kicker scores in a game. Samer was captain of the varsity football team and Homecoming King who lost his battle with cancer in June. The Cleveland Clinic helped his fellow teammates and some teachers present his high school diploma at the Clinic before he passed.

The Varsity boys bowling team won the SWC Tournament and the girls were runners-up and competed in the State tournament. Their coach was named the SWC Coach of the Year.

The swimming and diving team had two divers compete at the districts and one at the finals. Four swimmers advanced to the district.

The varsity hockey team had impressive wins over highly ranked teams with a small ten man roster and one goalie. The team finished second in league play with a record of 15 wins and 7 losses.

During the year, the Board of Education received a \$30,000 donation from Medical Mutual of Ohio for the replacement of the High School Marching Band uniforms. These uniforms were 31 years old and endured a lot of wear and tear. During this period of time, they were cleaned and mended by a dedicated crew of parents.



Excellence in Service to the Community

Each year the entire district helps provide meals, gifts and necessities for families in the community with a Day of Giving that includes adopting local families and providing holiday gifts and meals.

During the year, students at the high school had numerous coin wars to raise money for the Leukemia and Lymphoma Society.

The Social Involvement Through Education and Service (SITES) program has been recognized as a best practice both regionally and nationally. The program combines academics and community service for the High school seniors. Students performed thousands of hours of volunteer service each year and help locally during “Outreach Week” in the Greater Cleveland. They hosted the annual Senior Spring Fling and the Salute to Veterans celebration.

All of our schools participated in an extensive process to increase family/community partnership and communication as part of the National PTA Schools of Excellence program and were recognized at a Board of Education meeting in February.

The NOHS Student Council sponsored a leadership camp in April for 85 NOCS students in grades 4 – 8 at the high school. High school leaders worked with the National Arts Honor Society to create games and activities for team building and school spirit and how to organize a community day of giving.

The Chestnut School Garden Club was formed with support from the community to install raised vegetable beds behind Chestnut School for students to use as a hands on learning space. The Cleveland Indians mascot Slider visited the students and helped harvest some of the vegetable

The North Olmsted Kiwanis raised a substantial amount of money to donate playground equipment to Birch Primary School including a slide and playset with swings and climbing apparatus.

The NOCS teachers union donated backpacks for the start of school for needy students and Thanksgiving dinners to a number of families. The district also received contributions from local businesses and churches including Wal-Mart, Friends Church and J.C. Penneys.

North Olmsted City School Board Vice President Terry Groden was named an All Ohio School Board member by the Ohio School Boards Association for his service to the district.



Financial Accomplishments

In December 2017, the School District completed a \$ 48,275,000 advance refunding of its School Facility Improvement Series B Bonds. This refunding will save the School District \$ 4,473,715 in reduced principal and interest payments over the life of these bonds.

An abandoned gas well was discovered during the construction of the School District's Middle/High School Campus. The School District obtained a \$ 155,000 grant from the Ohio Department of Natural Resources to pay the cost of capping the well and encasing it in a concrete vault and installing ventilation/monitoring system.

The School District obtained a \$ 90,000 grant from the Ohio School Facility Commission to test drinking water at primary and intermediate school buildings for high lead content and replacement of plumbing fixtures that are found to be the cause of the lead contamination.

A \$ 35,000 Federal Energy Policy Act grant was obtained to perform a feasibility study on air conditioning the School District's elementary Buildings. The study included preliminary engineering design, installation and annual operating cost projections.

In partnership with the city Recreation Department and the Horizon Education Centers, the School District operates an USDA summer Meals Program that provides free breakfasts, lunches and snacks to children ages one through 18 during the months of June, July and August. During the first five years of the Program's operation, over 110,000 meals and snacks were serve.

The School District completed all SEC and EMMA continuing disclosure filing requirements updating bondholders as to the current financial status of the School District which allowed the School district to maintain its Moody's AA-2 Bond Rating.

LONG-TERM FINANCIAL PLANNING

As part of the School District's long-term planning, the Treasurer prepares a five-year financial forecast. This document provides a snapshot of historical and projected operating revenues and expenses over the next five years and is accompanied by financial assumptions. The Board of Education reviews this document on a quarterly basis for changes that might impact their district financial decisions. The School District's five year financial forecast and the assumptions used in its preparation can be found on the School District's website "www.northholmstedschools.org".

The School District also prepares a five-year forecast of anticipate capital expenditures and major repairs. The Board of Education has created a committee to periodically review and update this document.

FINANCIAL POLICIES IMPACTING THE FINANCIAL STATEMENTS

The Board of Education has adopted guidelines to maintain a prudent level of financial resources to protect the School District against the need to reduce service levels or raise taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenditures. To achieve this goal, the Board of Education has established a budget stabilization fund, a medical claims reserve fund, and a contingency fund to finance the next 27th pay period. A detailed discussion of these funds is provided in Notes 10.C and 18 to the basic financial statements.

The Board of Education has also adopted administrative procedures to compare actual expenditures to budget monthly and quarterly for the purpose of taking appropriate actions to bring the budget into balance.

FINANCIAL INFORMATION

Internal Accounting and Budgetary Control

In developing the School District's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The School District utilizes a fully automated accounting system as well as an automated system of control for capital assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensure that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board of Education adopts a temporary appropriation measure. A permanent appropriation measure is subsequently adopted upon receipt from the County Fiscal Officer of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Fiscal Officer must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board. The legal level of appropriations is at the fund/object level for the General Fund, fund/special cost center for Miscellaneous State and Federal Grants, and at the fund level for all other funds. All budgets are maintained at the object account level within a function and fund. All purchase order requests must be approved by either the Superintendent or Assistant Superintendent and certified by the Treasurer; necessary funds are then encumbered and purchase orders are released to vendors. Those requests that exceed the available appropriation are rejected until additional appropriations are secured.

The accounting system used by the School District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date. Each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. In addition, an on-line inquiry system is available at each cost center site. The basis of accounting and the various funds utilized by the North Olmsted City Schools are fully described in Note 1 of the Notes to the Basic Financial Statements. Additional information on the School District's budgetary accounting can also be found in Note 1.

Financial Presentation

The School District has prepared its financial statements following the guidelines of GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". GASB 34 creates basic financial statements for reporting on the School District's financial activities as follows:

Government-wide Financial Statements - These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The District has no business-type activities.

Fund Financial Statements - These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statement of Budgetary Comparisons - These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

Management is responsible for preparing a Management Discussion and Analysis (MD&A) of the School District. This discussion follows the Independent Auditor's Report and provides an assessment of the School District's finances for fiscal year 2018 and a discussion of current issues affecting the School District in the future. Because that discussion focuses on major funds, other non-major funds are discussed briefly in this letter of transmittal.

Financial Highlight - Internal Service Fund

During fiscal year 2018, only one activity, the Self-Insurance Fund, is reported as an internal service fund. The Self-Insurance Fund accounts for the revenue and expenses associated with the School District's medical, prescription drug and dental benefits provided to its employees. The School District limits its liability for medical and surgical claims by maintaining a specific stop-loss insurance policy with a maximum threshold of \$ 125,000.

As of June 30, 2018, the Self-Insurance Fund had net position of \$ 576,740. Over the years, to help offset rising health care costs, the Unions agreed to pay 16.0 percent of the cost of the monthly insurance premiums, double the co-pays for prescription drugs, requirement the mandatory use of generic drugs, and the enrollment of spouses in a coordination of benefit program. These changes have saved the District over \$9.0 million in medical expenditures.

Financial Highlight - Agency Fund

Included in this category are student managed activities assets held by the School District in a trustee capacity. Total assets in the fund at June 30, 2018 was \$ 111,682.

INDEPENDENT AUDIT

State statutes and federal regulations require the School District to be subjected to periodical examinations by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. The Auditor of State was selected to render an opinion on the School District's financial statements for the year ended June 30, 2018. The opinion appears at the beginning of the financial section of this report.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all school districts in Ohio. North Olmsted City School District adopted and has been in conformance with this system beginning with its financial report for the 1979 year.

AWARDS

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the North Olmsted City School District for its Comprehensive Annual Financial Report for the year ended June 30, 2017. In 1985, North Olmsted City School District was the first school district in Ohio to receive this award and has received the award for (33) thirty-three consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ASBO International Certificate of Excellence

The School District received the Association of School Business Officials (ASBO) International Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the year ended June 30, 2017. The Certificate of Excellence in Financial Reporting Program was designed by ASBO International to enable school business officials to achieve a high standard of financial reporting.

Since its inception in 1972, the program has gained the distinction of being a prestigious national award recognized by: accounting professionals; underwriters; securities analysts; bond rating agencies; state and federal agencies. A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to ASBO.

Ohio Auditor of State Award with Distinction

For the fourth consecutive year, The School District received the Ohio Auditor of State Award with Distinction for excellence in financial reporting for its Comprehensive annual Financial Report. The School District's exemplary reporting serves as the standard for clean, accountable government, representing the highest level of service to Ohioans.

ACKNOWLEDGMENTS

The publication of this report significantly increases the accountability of the School District to the taxpayers of North Olmsted City School District. This accomplishment would not have been possible without the support and efforts of the staff of the Treasurer's office, administrators and employees of the School District. Assistance from the County Fiscal Officer's office staff and outside agencies made possible the fair presentation of statistical data. In addition, special appreciation is expressed to Robbie Cerney from the firm of Costin and Kendall, CPAs, for the advice and guidance rendered to the production of this report.

Respectfully submitted,



Robert J. Matson, CPA
Chief Financial Officer



Dr. Michael E. Zalar
Superintendent of Schools

North Olmsted City School District
Principal Officials
June 30, 2018

Board of Education



Linda Cleary

Tom Herbster

Kim Rahm

John J. Lasko, Jr
President

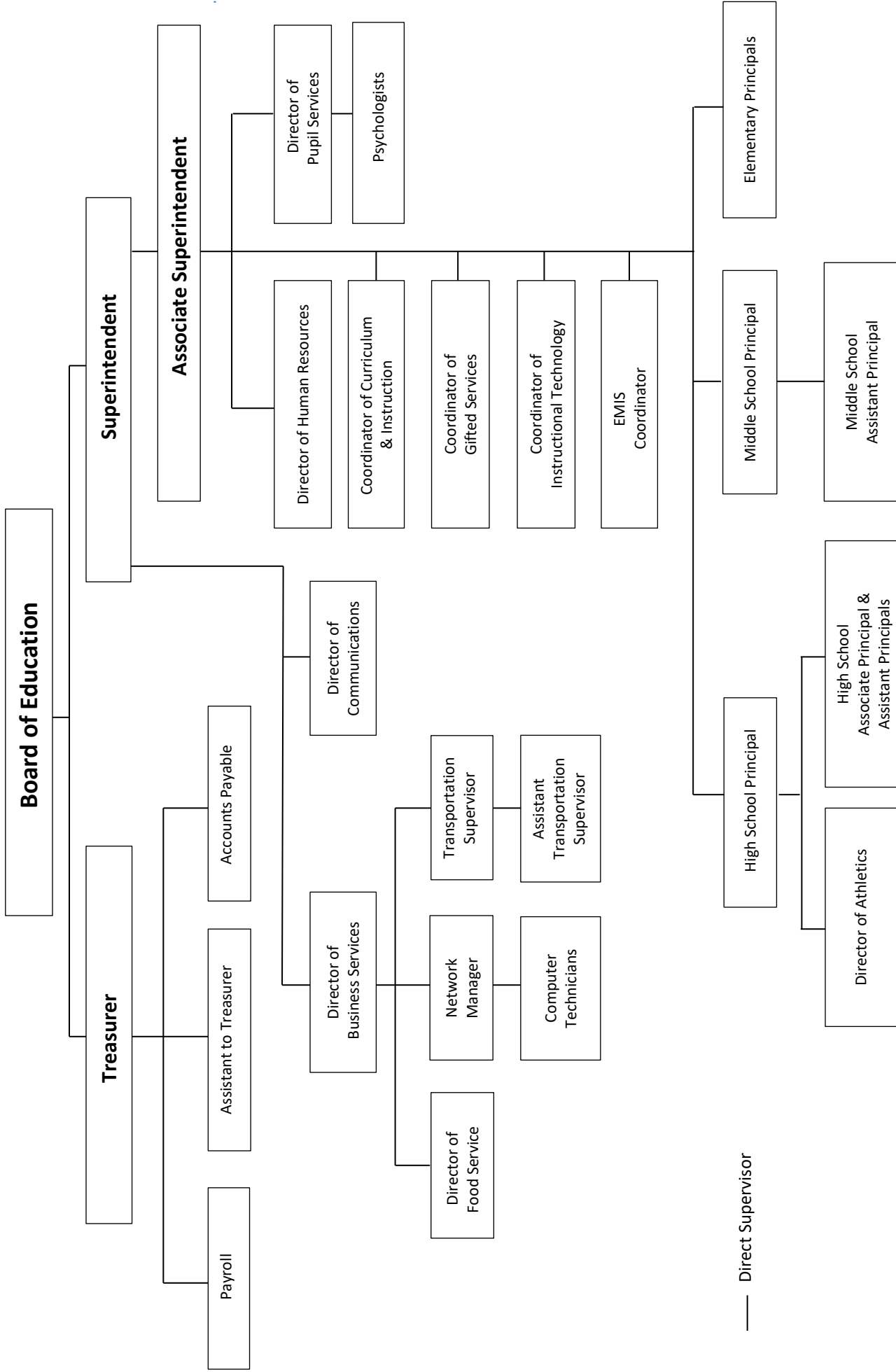
Terry Groden
Vice President

Administration

Dr. Michael E. Zalar
Ms. Anne Pyros
Mr. Robert J. Matson, CPA
Ms. Mary Kurtz
Mr. Michael Diamond
Ms. Christopher Caleris
Ms. Vera Brewer

Superintendent
Associate Superintendent
Treasurer
Assistant to the Treasurer
Director of Human Resources
Director of Pupil Services
Communications Manager

North Olmsted School District Organizational Chart



— Direct Supervisor



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**North Olmsted City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

**The Certificate of Excellence in Financial Reporting
is presented to**

North Olmsted City Schools

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Charles E. Peterson, Jr., SFO, RSBA, MBA
President

John D. Musso, CAE
Executive Director

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

North Olmsted City School District
Cuyahoga County
26669 Butternut Ridge Road
North Olmsted, Ohio 44070

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Olmsted City School District, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the North Olmsted City School District, Cuyahoga County, Ohio, as of June 30, 2018, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue our report dated March 22, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

March 22, 2019

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North Olmsted City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

The management discussion and analysis of North Olmsted City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this management discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for 2018 are as follows:

Net position increased \$ 33,834,729 or 48.0 percent from the previous year. The majority of the increase is due to a reduction in recorded pension and postemployment benefit liabilities as a result of the effects of the governmental Accounting Standards Board's GASB 68 and GASB 75.

The General Fund maintains a strong unrestricted cash balance of \$ 19.4 million at June 30, 2018 which represents a 3.2% or \$ 600,000 increase from 2017.

Revenues for governmental activities totaled \$ 67.8 million in fiscal year 2018 as compared to \$ 63.4 million in fiscal year 2017.

In fiscal year 2018, 87.9 percent of total revenue consisted of general revenues while program revenues accounted for the remaining balance of 12.1 percent.

During December 2017, the District refunded \$48.2 million of its outstanding School Facilities Improvement Bonds that resulted in a \$4.5 million net saving in interest payments over the life of the Bonds.

At June 30, 2018, the Bond Retirement Fund had a cash balance of \$2.4 million.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the North Olmsted City School District as a whole entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the North Olmsted City Schools District, the General Fund is by far the most significant fund.

North Olmsted City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Statement of Net Position and the Statement of Activities

The Statement of Net Position and Statement of Activities have been prepared using the accrual basis of accounting, similar to the method used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District. On the other hand, financial factors may include the School District's financial position, liquidity and solvency, fiscal capacity and risk and exposure.

In the Statement of Net Position and the Statement of Activities, the School District is classified as governmental activities. All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service operation and extracurricular activities.

Reporting the School District's Most Significant Funds

Governmental Fund Financial Statements

The governmental fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these governmental fund financial statements focus on the School District's most significant funds. The School District has two major governmental funds, the General Fund and the Classroom Facilities Fund.

Governmental Funds

The School District's activities are reported as governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending in future periods. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

The Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2018 compared to 2017.

North Olmsted City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

TABLE I
Total Net Position

	2018	Restated 2017
Assets		
Current and other assets	\$ 94,142,100	\$ 129,751,667
Total capital assets, net	87,236,531	40,797,477
Total assets	<u>181,378,631</u>	<u>170,549,144</u>
Deferred outflows of resources		
Deferred charge on refunding	2,007,056	-
Pension	22,469,316	19,217,318
OPEB	846,197	153,117
Total deferred outflows of resources	<u>25,322,569</u>	<u>19,370,435</u>
Liabilities		
Current liabilities	14,736,115	9,238,230
Long term liabilities		
Due within one year	2,324,508	2,091,328
Due in more than one year		
Net pension liability	76,984,735	105,479,991
OPEB	17,446,400	21,739,783
Other amounts	85,755,936	84,749,075
Total liabilities	<u>197,247,694</u>	<u>223,298,407</u>
Deferred inflows of resources		
Property taxes levied for next year	39,213,899	36,142,215
Pension	3,455,874	1,182,292
OPEB	2,150,040	-
Total deferred inflows of resources	<u>44,819,813</u>	<u>37,324,507</u>
Net position		
Net investment in capital assets	27,407,123	17,697,879
Restricted	5,784,897	6,312,558
Unrestricted	(68,558,327)	(94,492,918)
Total net position	<u>\$ (35,366,307)</u>	<u>\$ (70,482,481)</u>

North Olmsted City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

North Olmsted City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation along with a correction of an error in the prior year's deferred inflows related to pension had the effect of restating net position at June 30, 2017, from (\$ 49,116,669) to (\$ 70,482,481).

Total assets increased by \$ 10,829,487. This increase can primarily be attributed to an increase of \$ 46,439,054 in capital assets which was offset with a decrease of \$ 37,314,675 in equity in pooled cash.

Total liabilities decreased by \$ 26,050,713. This decrease is primarily due to decreases in net pension liability and net OPEB liability of \$ 28,495,256 and \$ 4,293,383, respectively.

To determine the overall financial performance of the School District one must consider the relative changes in net position. By comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources, one can see that the overall position of the School District has improved as evidenced by the increase in net position of \$ 33,954,011. A change in net position indicates how an entity is providing for future generations.

North Olmsted City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Governmental Activities

Table 2 summarizes the revenue, expenses and changes in net position for fiscal years 2018 compared to 2017.

Table 2
Changes in Net Position

	2018	2017
Revenues		
Program revenues		
Charges for services and sales	\$ 2,614,694	\$ 2,635,048
Operating grants, interest and contributions	2,858,277	2,728,393
Capital grants, interest and contributions	2,741,797	4,507,468
Total program revenues	8,214,768	9,870,909
General revenues		
Property taxes	43,420,608	38,036,451
Payments in lieu of taxes	603,170	279,142
Grants and entitlements not restricted to specific purposes	14,083,894	14,117,179
Investment earnings	949,002	863,808
Miscellaneous	558,870	205,987
Total general revenues	59,615,544	53,502,567
Total revenues	67,830,312	63,373,476
Program expenses		
Instruction	11,990,448	38,544,612
Supporting services		
Pupil and instructional staff	3,649,006	7,051,275
Board of education, administration, fiscal services and business	4,625,625	7,082,225
Operation and maintenance	3,290,671	5,281,063
Pupil transportation	2,303,018	2,461,685
Central services	1,461,453	1,508,474
Operation of non-instructional services		
Food service operation	1,288,282	1,501,344
Community services	156,840	252,276
Extracurricular activities	1,026,993	1,832,967
Interest and fiscal charges	2,921,802	2,616,904
Total expenses	32,714,138	68,132,825
Increase (decrease) in net position	35,116,174	(4,759,349)
Net position at beginning of year, restated	(70,482,481)	N/A
Net position at end of year	\$(35,366,307)	\$(70,482,481)

The vast majority of revenues supporting all Governmental Activities are general revenues. General revenue totaled \$ 59.6 million or 87.9 percent of the total revenue. The most significant portion of the general revenues is local property tax. Property tax revenue in fiscal year 2018 increased \$ 5,384,157 from the previous year. The increase in tax revenue is due primarily to an increase in the amount of property taxes available for advance from the Cuyahoga County Fiscal Officer. The remaining amount of revenue received is in the form of program revenues amounting to \$ 8.2 million or only 12.1 percent of total revenue. Program revenues are derived from fees for services, sales from fund raising activities, operating grants, interest and contributions. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs.

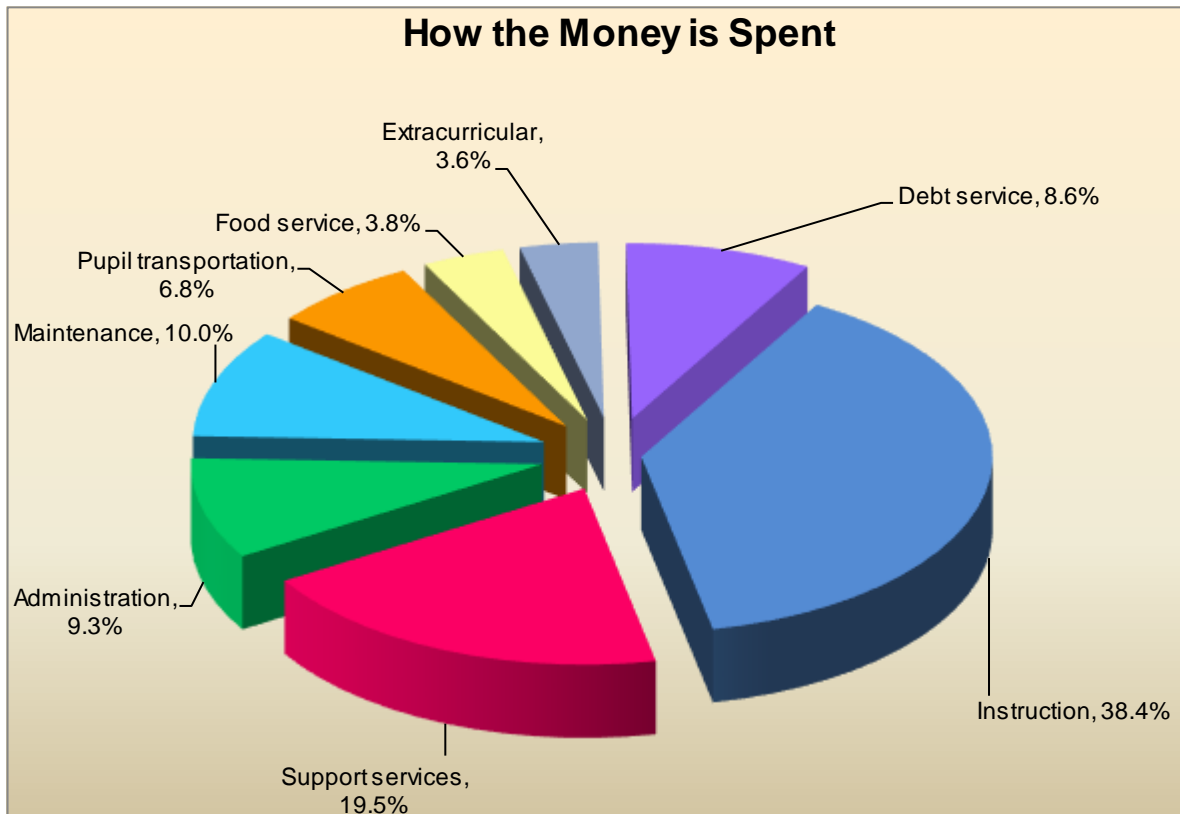
North Olmsted City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Total expenses decreased by \$ 34,256,524 due the effects of GASB 68 and GASB 75. The impact of these two GASBs was a net negative expense of \$ 26,897,252 which greatly distorts a comparative analysis between 2018 and 2017 expenses.

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$ 220,559 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$ 2,642,377. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	\$ 32,714,138
Negative OPEB expense under GASB 75	2,642,377
2018 contractually required contributions	<u>43,308</u>
Adjusted 2108 program expenses	35,399,823
Total 2017 program expenses	<u>68,132,825</u>
Decrease in program expenses not related to OPEB	<u><u>\$ (32,733,002)</u></u>

Approximately 57.9 percent of the School District's budget is used to fund instructional and direct classroom support service expenses while only 9.3 percent of the budget is spent on administrative expenses. The remaining 32.8 percent of the budget is used to maintain the facilities, transport students, providing school lunches, offering sport and extracurricular programs to students. The relationship of these expenses is illustrated in the graph below.



North Olmsted City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

One method to evaluate the effective use of funds is to compare our cost per pupil with those of neighboring school districts. Based upon the Ohio Department of Education 2017 District Profile Report (Cupp Report), the most recent data available, the cost per pupil among the 31 school districts within Cuyahoga County varies from a low of \$11,666 at Garfield Heights CDS to a high of \$23,908 at Orange CSD. North Olmsted City School's cost per pupil of \$ 15,199 was ranked the 20th lowest within the County. A comparison of some of the neighboring school districts' cost per pupil can be found in Table 3.

Table 3

Cost per Pupil as of June 30, 2017
(the most recent data available)

<u>School District</u>	<u>Cost per Pupil</u>	<u>Ranking in Cuyahoga County</u>
Bay Village	\$ 12,926	9
Berea	12,456	6
Fairview Park	12,982	10
Lakewood	13,656	12
North Olmsted	15,199	20
Olmsted Falls	12,223	4
Rocky River	14,194	16
Strongsville	12,837	7
Westlake	13,981	14
Source: Ohio Department of Education		

The Statement of Activities shows the total net cost of program services. Table 4 shows the total cost of services for governmental activities and the net cost of those services. It identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

North Olmsted City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Table 4
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Program expenses				
Instruction	\$ 11,990,448	38,544,612	\$ (6,723,257)	\$(31,462,838)
Supporting services				
Pupil and instructional staff	3,649,006	7,051,275	(2,555,478)	(6,074,440)
Board of education, administration, fiscal services and business	4,625,625	7,082,225	(4,563,041)	(7,071,782)
Operation and maintenance	3,290,671	5,281,063	(3,125,671)	(5,090,663)
Pupil transportation	2,303,018	2,461,685	(2,256,350)	(2,362,466)
Central services	1,461,453	1,508,474	(1,447,053)	(1,508,474)
Operation of non-instructional services				
Food service operation	1,288,282	1,501,344	(53,226)	(261,006)
Community services	156,840	252,276	(111,833)	(224,084)
Extracurricular activities	1,026,993	1,832,967	(741,659)	(1,589,259)
Interest and fiscal charges	2,921,802	2,616,904	(2,921,802)	(2,616,904)
Total expenses	<u>\$ 32,714,138</u>	<u>\$ 68,132,825</u>	<u>\$(24,499,370)</u>	<u>\$(58,261,916)</u>

The primary source of general revenue is property taxes levied. In fiscal years 2018 and 2017, property taxes accounted for 72.8 and 71.1 percent, respectively, of general revenue. Clearly, the North Olmsted community is by far the greatest source of financial support for the students of the North Olmsted City Schools.

School District Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful for assessing the School District's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The School District's major funds are accounted for using the modified accrual basis of accounting. As of June 30, 2018, the School District's governmental funds reported combined ending fund balances of \$ 38,352,757 a decrease of \$ 44,405,589 in comparison with the prior year.

Total revenue increased \$ 4,013,518 (6.3%) from the prior year, primarily due to increases in taxes and payments in lieu of taxes of \$ 5,345,157 and \$ 324,028, respectively. The increase in taxes revenue is due to an increase in the amount available for advance from the County Fiscal Officer.

Total expenditures increased by \$ 21,023,627 (23.0%) over the prior year, primarily due to an increase in capital outlay of \$ 22,592,733 related to the construction of new building facilities.

The net change in fund balance for the General Fund was a decrease of \$ 1,524,676 in 2018 compared to a decrease of \$ 6,233,694 at June 30, 2017. The Classroom Facilities Fund, a major fund, had a \$ 36,658,994 decrease in fund balance due to expenditures related to construction of new building facilities.

North Olmsted City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Prudent management of operating expenses by the Administration has allowed the School District to accumulate a General Fund unrestricted cash balance of \$ 19.4 million at June 30, 2018. This cash reserve allows the School District to insulate itself from the effects of fluctuations in revenue due to adverse economic conditions and prevents the need to make dramatic cuts in programs and services.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant fund to be budgeted is the main operating fund of the School District, the General Fund.

During fiscal year 2018, the School District amended its General Fund Budget several times. For the General Fund, the final budget basis revenue (excluding other sources) estimate was \$ 55,263,100 which was the \$ 204,100 higher than the original estimate and \$ 860,128 less than actual. The final budget basis expenditures (excluding other uses) estimate totaled \$ 58,096,042 which was \$ 995,715 above the original budget estimate. Actual expenditures were \$ 56,236,960 which was \$ 1,859,082 lower than final budget basis expenditures. The unencumbered ending cash balance totaled \$ 18,458,382.

Capital Assets and Debt Administration

Capital Assets

All capital assets, except land and construction in progress, are reported net of depreciation. At the end of fiscal 2018, the School District had \$ 87.3 million invested in net capital assets. Table 5 shows fiscal 2018 values compared to fiscal 2017.

Table 5
Capital Assets
(Net of Accumulated Depreciation)

	2018	2017
Land	\$ 1,504,554	\$ 1,504,554
Construction in progress	73,449,541	26,594,140
Land improvements	849,478	797,280
Buildings and improvements	9,167,255	9,714,031
Furniture and equipment	1,015,438	915,575
Vehicles	1,250,265	1,271,897
Total net capital assets	<u>\$ 87,236,531</u>	<u>\$ 40,797,477</u>

During fiscal 2018, the School District purchased \$ 47,497,300 of capital assets. Approximately 98.8 percent of these purchases are construction costs related to the District's new Middle/High School Campus. More information on capital assets is presented in Note 8 of the notes to the basic financial statements.

North Olmsted City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Debt Administration

At June 30, 2018, the School District had \$ 182,511,579 in long-term obligations, a decrease of \$ 31,548,598. This decrease is primarily the result of decreases in net pension liability and net OPEB liability. \$ 2,324,508 of the long-term obligations are due within one year. Table 6 shows fiscal 2018 values compared to fiscal 2017.

Table 6
Outstanding Debt Year-End

	2018	Restated 2017
Term and serial bonds	\$ 74,052,950	\$ 75,590,000
Unamortized bond premium	7,876,883	5,613,702
Capital leases	29,051	55,016
Compensated absences	6,121,560	5,581,685
Net pension liability	76,984,735	105,479,991
Net OPEB liability	17,446,400	21,739,783
Total outstanding debt	<u>\$ 182,511,579</u>	<u>\$ 214,060,177</u>

The School District's overall legal debt margin was \$ 2,408,007 and an unvoted debt margin of \$ 703,170.

More information on debt is presented in Note 13 of the notes to the basic financial statements.

School District Outlook

During fiscal years 2008 and 2009, the North Olmsted City Schools, like most school districts in Ohio, faced a serious decline in operating revenues due to the nationwide economic recession, the real estate foreclosure crisis, and cutbacks in state funding. The Board of Education was able to stabilize the District's finances through a combination of budgetary cuts, employee concessions, and community support of a new operating levy.

The District is now on the downside of the current operating levy life cycle. Expenditures are exceeding operating revenues. Future operating deficits will get progressively larger over the next five years because of stagnant growth in operating revenues while expenditures continue to increase due to inflation, the addition of new programs and the introduction of new unfunded state mandates. These future operating deficits can be temporarily funded with the District's cash reserves until they are exhausted in fiscal year 2021. A copy of the District's Financial Forecast and the major assumptions used in its preparation are posted on the District's website at www.northolmstedschools.org/treasurer. Based upon the District's Financial Forecast, the Board of Education is considering placing an operating levy on the ballot in calendar year 2019.

In November 2014, the residents of the North Olmsted approved an \$80.5 million capital bond levy for the purpose of constructing a new middle/high school complex. The construction project is on time and on budget. The complex is scheduled to be completed in September of 2018. The completion of this construction project will enable the District to reduce its operating and maintenance costs, and allow the Administration to reorganize and consolidate the number of buildings within the District.

North Olmsted City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. The North Olmsted City School District has committed itself to financial excellence for many years. The School District was the first school district in Ohio to receive the Government Financial Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting in 1985 and has received the award for thirty consecutive years. The District has also received the Association of School Business Officials (ASBO) Certificate of Achievement for Excellence in Financial Reporting for the past twenty-seven years. In September 2015, the School District was recognized by Auditor of State Dave Yost with the presentation of his Ohio Auditor of State Award with Distinction.

If you have any questions about this report or need additional financial information, contact Robert J. Matson, CPA, and Treasurer at North Olmsted City School District, 26669 Butternut Ridge Road, North Olmsted, Ohio 44070, by telephone at 440-588-5317 or by email at Robert.matson@nocseagles.org.

NORTH OLMSTED CITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2018

	Governmental Activities
Assets	
Equity in pooled cash	\$ 46,992,232
Accounts receivable and other	1,613,756
Intergovernmental receivables	156,543
Inventories and supplies	12,203
Prepaid expenses	94,814
Taxes receivable	45,272,552
Capital assets	
Nondepreciable capital assets	74,954,095
Depreciable capital assets	12,282,436
Total assets	<u>181,378,631</u>
Deferred outflow s of resources	
Deferral on refunding	2,007,056
Pension	22,469,316
OPEB	846,197
Total deferred outflow s of resources	<u>25,322,569</u>
Liabilities	
Accounts and contracts payable	\$ 4,039,123
Retainage payable	1,436,827
Accrued salaries, wages and benefits	6,890,381
Accrued interest payable	223,200
Claims payable	1,199,600
Intergovernmental payable	946,984
Long-term liabilities	
Due within one year	2,324,508
Due in more than one year	
Net pension liability	76,984,735
Net OPEB liability	17,446,400
Other amounts	85,755,936
Total liabilities	<u>197,247,694</u>
Deferred inflow s of resources	
Property taxes levied for next year	39,213,899
Pension	3,455,874
OPEB	2,150,040
Total deferred inflow s of resources	<u>44,819,813</u>
Net position	
Net investment in capital assets	27,407,123
Restricted for:	
Debt service	2,752,770
Capital projects	1,779,837
Set-asides	223,073
Food service	224,163
Extracurricular activities	182,834
State grants	45,480
Self insurance	576,740
Unrestricted	(68,558,327)
Total net position	<u>\$ (35,366,307)</u>

See accompanying notes to the basic financial statements.

NORTH OLMSTED CITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

		Program Revenues			Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants, Interest and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
Governmental activities:					
Instruction					
Regular	\$ 7,822,787	\$ 715,829	\$ 817,412	\$ 2,727,397	\$ (3,562,149)
Special	3,643,394	1,006,553	-	-	(2,636,841)
Vocational	132,652	-	-	-	(132,652)
Other instruction	391,615	-	-	-	(391,615)
Supporting services					
Pupil	2,937,991	-	995,953	-	(1,942,038)
Instructional staff	711,015	-	97,575	-	(613,440)
Board of education	373,666	-	-	-	(373,666)
Administration	2,709,502	-	-	-	(2,709,502)
Fiscal services	1,416,881	6,190	-	-	(1,410,691)
Business	125,576	3,209	53,185	-	(69,182)
Operation and maintenance	3,290,671	165,000	-	-	(3,125,671)
Pupil transportation	2,303,018	20,239	26,429	-	(2,256,350)
Central services	1,461,453	-	-	14,400	(1,447,053)
Operation of non-instructional services					
Food service operation	1,288,282	395,151	839,905	-	(53,226)
Community services	156,840	17,189	27,818	-	(111,833)
Extracurricular activities	1,026,993	285,334	-	-	(741,659)
Interest and fiscal charges	2,921,802	-	-	-	(2,921,802)
Total	<u>\$ 32,714,138</u>	<u>\$ 2,614,694</u>	<u>\$ 2,858,277</u>	<u>\$ 2,741,797</u>	<u>(24,499,370)</u>

General revenues

Property taxes levied for:

 General purposes 38,368,385

 Debt service 4,074,288

 Capital improvements 977,935

Payments in lieu of taxes 603,170

Grants and entitlements not
restricted to specific purposes 14,083,894

Investment earnings 949,002

Miscellaneous 558,870

Total general revenues 59,615,544

Change in net position 35,116,174

Net position at beginning of year, restated (70,482,481)

Net position at end of year \$ (35,366,307)

See accompanying notes to the basic financial statements.

NORTH OLMSTED CITY SCHOOL DISTRICT

BALANCE SHEET -
GOVERNMENTAL FUNDS

JUNE 30, 2018

	General Fund	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in pooled cash	\$ 19,401,263	\$ 14,871,649	\$ 10,719,907	\$ 44,992,819
Restricted cash	223,073	-	-	223,073
Receivables, net of allowance				
Taxes, current	39,427,335	-	5,073,817	44,501,152
Taxes, delinquent	683,400	-	88,000	771,400
Accounts and other	1,613,756	-	-	1,613,756
Intergovernmental receivables	41,208	-	115,335	156,543
Interfund receivables	472,028	-	-	472,028
Inventories and supplies	-	-	12,203	12,203
Prepaid items	94,814	-	-	94,814
Total assets	\$ 61,956,877	\$ 14,871,649	\$ 16,009,262	\$ 92,837,788
Liabilities				
Accounts and contracts payable	\$ 408,249	\$ 2,795,314	\$ 835,560	\$ 4,039,123
Retainage payable	-	1,436,827	-	1,436,827
Accrued salaries, wages and benefits	6,687,097	-	203,284	6,890,381
Intergovernmental payable	885,278	-	61,706	946,984
Interfund payable	-	-	472,028	472,028
Matured compensated absences	477,726	-	-	477,726
Total liabilities	8,458,350	4,232,141	1,572,578	14,263,069
Deferred inflows of resources				
Property taxes levied for next year and unavailable resources	35,687,487	-	4,534,475	40,221,962
Total deferred inflows of resources	35,687,487	-	4,534,475	40,221,962
Fund balances (deficits)				
Nonspendable	94,814	-	12,203	107,017
Restricted	-	10,639,508	10,172,807	20,812,315
Committed	487,073	-	-	487,073
Assigned	1,068,395	-	-	1,068,395
Unassigned	16,160,758	-	(282,801)	15,877,957
Total fund balances (deficits)	17,811,040	10,639,508	9,902,209	38,352,757
Total liabilities, deferred inflows of resources and fund balances	\$ 61,956,877	\$ 14,871,649	\$ 16,009,262	\$ 92,837,788

See accompanying notes to the basic financial statements.

NORTH OLMSTED CITY SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES

JUNE 30, 2018

Total governmental fund balances		\$ 38,352,757
Amount reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.		87,236,531
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflow s in the funds. These deferrals are primarily attributed to property taxes.		1,008,063
Unamortized deferred charges on refundings are not recognized in the funds.		2,007,056
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(223,200)
The net pension liability and net OPEB liability are not due and payable in the current period; therefore, the liability and related deferred inflow s/outflow s are not reported in governmental funds		
Deferred outflow s - pension	22,469,316	
Deferred inflow s - pension	(3,455,874)	
Net pension liability	(76,984,735)	
Deferred outflow s - OPEB	846,197	
Deferred inflow s - OPEB	(2,150,040)	
Net OPEB liability	(17,446,400)	
		(76,721,536)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences payable	(5,643,834)	
Bonds payable	(74,052,950)	
Unamortized bond premium	(7,876,883)	
Capital lease payable	(29,051)	
		(87,602,718)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		576,740
Net position of governmental activities		<u>\$ (35,366,307)</u>

See accompanying notes to the basic financial statements.

NORTH OLMSTED CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenue				
Taxes	\$ 38,369,385	\$ -	\$ 5,051,123	\$ 43,420,508
Payments in lieu of taxes	603,170	-	-	603,170
Tuition and fees	980,608	-	-	980,608
Interest	338,461	472,922	137,619	949,002
Intergovernmental	13,924,523	2,506,607	3,211,630	19,642,760
Charges for services	2,175	-	385,815	387,990
Extracurricular	115,560	-	250,206	365,766
Donations and contributions	42,706	-	-	42,706
Other	1,026,703	-	9,336	1,036,039
Total revenues	<u>55,403,291</u>	<u>2,979,529</u>	<u>9,045,729</u>	<u>67,428,549</u>
Expenditures				
Current				
Instruction				
Regular	25,815,812	-	1,026,647	26,842,459
Special	9,119,153	-	-	9,119,153
Vocational	397,400	-	-	397,400
Other instruction	452,984	-	-	452,984
Supporting services				
Pupil	4,707,873	-	953,809	5,661,682
Instructional staff	922,382	-	98,235	1,020,617
Board of education	377,200	-	-	377,200
Administration	3,728,762	-	10,691	3,739,453
Fiscal services	1,484,494	22,373	6,694	1,513,561
Business	134,713	-	9,537	144,250
Operation and maintenance	3,616,797	-	50,659	3,667,456
Pupil transportation	2,412,725	-	216,401	2,629,126
Central services	1,699,777	-	14,400	1,714,177
Operation of non-instructional services				
Food service operation	69,679	-	1,324,438	1,394,117
Community services	35,123	-	180,133	215,256
Extracurricular activities	1,565,937	-	278,631	1,844,568
Capital outlay	-	39,616,150	7,105,214	46,721,364
Debt service				
Principal	225,965	-	1,455,000	1,680,965
Interest	36,191	-	3,170,372	3,206,563
Total expenditures	<u>56,802,967</u>	<u>39,638,523</u>	<u>15,900,861</u>	<u>112,342,351</u>
Excess (deficiency) of revenues over expenditures	<u>(1,399,676)</u>	<u>(36,658,994)</u>	<u>(6,855,132)</u>	<u>(44,913,802)</u>
Other financing sources (uses)				
Proceeds from debt refunding	-	-	48,273,668	48,273,668
Premium on debt issue	-	-	7,829,925	7,829,925
Payment to escrow agent	-	-	(55,760,380)	(55,760,380)
Proceeds from sale of capital assets	-	-	165,000	165,000
Transfers-in	-	-	125,000	125,000
Transfers-out	(125,000)	-	-	(125,000)
Total other financing sources (uses)	<u>(125,000)</u>	<u>-</u>	<u>633,213</u>	<u>508,213</u>
Net change in fund balances	<u>(1,524,676)</u>	<u>(36,658,994)</u>	<u>(6,221,919)</u>	<u>(44,405,589)</u>
Fund balances, beginning of year	<u>19,335,716</u>	<u>47,298,502</u>	<u>16,124,128</u>	<u>82,758,346</u>
Fund balances, end of year	<u>\$ 17,811,040</u>	<u>\$ 10,639,508</u>	<u>\$ 9,902,209</u>	<u>\$ 38,352,757</u>

See accompanying notes to the basic financial statements.

NORTH OLMSTED CITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds			\$ (44,405,589)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which net capital outlay exceeded depreciation expense in the current period.			
	Capital outlay	47,497,300	
	Depreciation expense	<u>(1,034,620)</u>	
			46,462,680
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets, net of proceeds received.			
			(23,626)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
	Property taxes	100	
	Miscellaneous revenue	195,455	
	Intergovernmental revenue	<u>41,208</u>	
			236,763
Other financing sources(uses) in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities.			
	Proceeds from debt refunding	(48,273,668)	
	Premium on bond issue	(7,829,925)	
	Payment to bond escrow agent	<u>55,760,380</u>	
			(343,213)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			
			1,680,965
Accrued interest in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds. Bond premium is reported in the governmental fund when bonds are issued, whereas these amounts are amortized in the statement of activities.			
	Accrued interest	315,623	
	Annual accretion	(119,282)	
	Amortization of bond premium	126,289	
	Amortization of deferred charges	<u>(37,869)</u>	
			284,761
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.			
	Pension	4,997,941	
	OPEB	<u>194,047</u>	
			5,191,988
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.			
	Pension	24,254,877	
	OPEB	<u>2,642,376</u>	
			26,897,253
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
	Compensated absences		(472,512)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal revenue fund is allocated among the governmental activities.			
			<u>(393,296)</u>
Change in net position of governmental activities			<u>\$ 35,116,174</u>

See accompanying notes to the basic financial statements.

NORTH OLMSTED CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 37,800,000	\$ 38,350,000	\$ 39,079,507	\$ 729,507
Payment in lieu of taxes	1,390,000	1,300,000	1,300,218	218
Tuition and fees	1,025,000	972,000	980,608	8,608
Interest	180,000	255,000	338,461	83,461
Extracurricular	43,000	34,000	35,128	1,128
Intergovernmental	13,759,000	13,928,000	13,916,207	(11,793)
Other	862,000	424,100	473,099	48,999
Total revenues	55,059,000	55,263,100	56,123,228	860,128
Expenditures				
Current				
Instruction				
Regular	26,217,164	26,249,587	25,435,884	813,703
Special	9,143,441	9,286,587	9,088,070	198,517
Vocational	391,927	396,800	391,985	4,815
Other instruction	475,098	517,000	448,400	68,600
Supporting services				
Pupil	4,728,377	4,851,197	4,728,999	122,198
Instructional staff	829,099	952,211	911,199	41,012
Board of education	413,904	454,948	384,601	70,347
Administration	3,736,646	3,871,622	3,756,924	114,698
Fiscal services	1,472,409	1,507,700	1,451,548	56,152
Business	186,074	158,340	137,234	21,106
Operation and maintenance	3,600,976	3,773,309	3,656,923	116,386
Pupil transportation	2,369,287	2,492,107	2,427,055	65,052
Central services	1,566,528	1,717,522	1,589,642	127,880
Operation of non-instructional				
Food service operation	72,641	72,400	70,635	1,765
Community services	25,600	25,491	24,625	866
Extracurricular activities	1,564,156	1,534,368	1,498,383	35,985
Debt service				
Principal	265,000	200,000	200,000	-
Interest and fiscal charges	42,000	34,853	34,853	-
Total expenditures	57,100,327	58,096,042	56,236,960	1,859,082
Excess (deficiency) of revenues over expenditures	(2,041,327)	(2,832,942)	(113,732)	2,719,210
Other financing sources (uses)				
Transfers-in	64,700	67,200	67,508	308
Advances-in	620,000	620,000	619,080	(920)
Refund prior year expenditure	-	3,000	3,391	391
Advances-out	(600,000)	(600,000)	(472,027)	127,973
Transfers-out	(100,000)	(125,000)	(125,000)	-
Total other financing sources (uses)	(15,300)	(34,800)	92,952	127,752
Net change in fund balance	(2,056,627)	(2,867,742)	(20,780)	2,846,962
Fund balance, beginning of year	18,212,835	18,212,835	18,212,835	-
Prior year encumbrances appropriated	266,327	266,327	266,327	-
Fund balance, end of year	\$ 16,422,535	\$ 15,611,420	\$ 18,458,382	\$ 2,846,962

See accompanying notes to the basic financial statements.

NORTH OLMSTED CITY SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION -
INTERNAL SERVICE FUND

JUNE 30, 2018

	<u>Self Insurance</u>
Assets	
Current assets	
Equity in pooled cash	<u>\$ 1,776,340</u>
Total assets	<u>1,776,340</u>
Liabilities	
Current liabilities	
Claims payable	<u>1,199,600</u>
Total liabilities	<u>1,199,600</u>
Net position	
Unrestricted	<u><u>\$ 576,740</u></u>

See accompanying notes to the basic financial statements.

NORTH OLMSTED CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Self Insurance</u>
Operating revenues	
Charges for services	<u>\$ 9,168,202</u>
Operating expenses	
Purchased services	1,123,101
Claims	<u>8,438,397</u>
Total operating expenses	<u>9,561,498</u>
Operating loss	(393,296)
Net position, beginning of year	<u>970,036</u>
Net position, end of year	<u><u>\$ 576,740</u></u>

See accompanying notes to the basic financial statements.

NORTH OLMSTED CITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Self Insurance</u>
Cash flows from operating activities	
Cash received from interfund services	\$ 9,168,202
Cash payments for claims	(8,055,997)
Cash payments for goods and services	<u>(1,123,101)</u>
Net cash used in operating activities	<u>(10,896)</u>
Net decrease in cash and cash equivalents	(10,896)
Cash and cash equivalents, beginning of year	<u>1,787,236</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,776,340</u></u>
Reconciliation of operating income to net cash used in operating activities:	
Operating loss	<u>\$ (393,296)</u>
Adjustments	
Increase in claims payable	<u>382,400</u>
Total adjustments	<u>382,400</u>
Net cash used in operating activities	<u><u>\$ (10,896)</u></u>

See accompanying notes to the basic financial statements.

NORTH OLMSTED CITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND
JUNE 30, 2018

	Agency Fund
	<hr/>
Assets	
Equity in pooled cash and equivalents	\$ 111,682
Total assets	<u>\$ 111,682</u>
Liabilities	
Accounts payable	\$ 1,544
Due to students	110,138
Total liabilities	<u>\$ 111,682</u>

See accompanying notes to the basic financial statements.

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NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The North Olmsted City School District (the School District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a city school district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education consisting of five members and is responsible for providing public education to residents of the School District. Average daily membership on, or as of, October 1, 2017 was 3,817. The School District employs 306 certificated and 279 non-certificated employees.

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities of the School District.

Within the School District boundaries, there are various nonpublic schools. Current State legislation provides funding to these nonpublic schools. These monies are received and disbursed by the School District on behalf of the nonpublic schools by the Treasurer of the School District, as directed by the nonpublic schools. These transactions are reported as a governmental activity of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organizations' governing board and, 1) the School District is able to significantly influence the programs or services performed or provided by the organization; or 2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District is associated with the North Coast Council, the Polaris Career Center, the North Olmsted City Schools Education Foundation, the Ohio Schools Council, and the Northern Buckeye Education Council, which are considered to be jointly governed organizations. The School District also participates in a public risk pool managed by the Ohio Association of School Business Officials Workers' Compensation Group Rating Program. These organizations and their relationships with the School District are described in more detail in Notes 10 and 15 of these financial statements.

B. BASIS OF PRESENTATION

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the School District's accounting policies.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. However, internal fund services provided and used are not eliminated in the process of consolidation.

The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental financial statements is on major funds rather than reporting funds by type. The major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. FUND ACCOUNTING

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets and deferred outflows of resources are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities and deferred inflows of resources are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources compared to liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

General Fund - The General Fund is the operating fund of the school district and is used to account for all financial resources, except those required to be accounted for in another fund.

Classroom Facilities Fund – The Classroom Facilities Fund is used to account for monies received and expended in connection with contracts entered into by the School District and the Ohio School Facilities Commission for the building and equipping of classroom facilities.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Fund

The proprietary fund focuses on the determination of the changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund – The Internal Service Fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for revenue received from other funds and the settlement expenses for medical, surgical, prescription drug, and dental claims of School District employees.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. MEASUREMENT FOCUS

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources along with all liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (revenues) and decreases (expenses) in the total net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources along with current liabilities and deferred inflows of resources are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources along with all liabilities and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

E. BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and the fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BASIS OF ACCOUNTING (continued)

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, grants, investment earnings, tuition, and student fees.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and income taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 11 and 12)

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. BUDGETARY PROCESS

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund/object level for the General Fund. The legal level of budgetary control is at the fund, special cost center level for the Miscellaneous State Grants Fund and Miscellaneous Federal Grants Fund. For all other funds the legal level of budgetary control is at the fund level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate that were in effect at the time the final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

G. CASH AND INVESTMENTS

Cash received by the School District is deposited in one central bank account with individual fund balance integrity maintained through School District records. Monies for all funds are maintained in this account or temporarily transferred to the State Treasurer's investment pool (STAR Ohio) or other short term investments. Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. During fiscal year 2018, interest revenue credited to the General Fund amounted to \$ 338,461, of which \$ 117,344 was assigned from other funds; interest revenue credited to the Building Fund amounted to \$ 117,069 of which \$ 31,659 was assigned from other funds and interest revenue credited to the Classroom Facilities Fund amounted to \$ 472,922 of which \$ 116,097 was assigned from other funds.

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

During fiscal year 2017, investments were limited to Federal Home Loan Bank (FHLB) securities, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, commercial paper, U.S. treasury notes, U.S. government money market mutual funds and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. CASH AND INVESTMENTS (continued)

The School District has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) during the year. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Investments with an original maturity of three months or less at the time of purchase are considered to be cash equivalents.

H. INVENTORY

Inventories are presented on a first-in, first-out basis and are expended/expensed when used. Inventories of supplies are reported at cost, whereas inventories held for resale are reported at the lower of cost or market.

I. PREPAID EXPENSES

Payments made to vendors for services that will benefit periods beyond the current year-end are recorded as prepaid expenses using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

J. RESTRICTED ASSETS

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set aside to create a reserve for budget stabilization.

K. CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at acquisition values as of the date received. The School District maintains a capitalization threshold of \$ 2,500. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The majority of capital outlay is made from the Permanent Improvements Fund. Actual amounts capitalized for reporting purposes may differ due to the capitalization policy.

All reported capital assets, other than land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Asset</u>	<u>Estimated useful life</u>
Land improvements	25 - 30 years
Buildings	60 - 80 years
Building improvements	25 years
Furniture and equipment	8 - 35 years
Vehicles	15 years

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental column of the statement of net position.

M. COMPENSATED ABSENCES

Vacation benefits are accrued as a liability in the government wide financial statements as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued in the government wide financial statements as a liability using the vesting method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit. The liability includes employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

N. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

O. NET POSITION

Net position represents the difference between assets and deferred outflows of resources compared to liabilities and deferred inflows of resources. Net investments in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include money for scholarships and data communications support. The government-wide statement of net position reports \$ 5,784,897 of restricted net position, none of which are restricted by enabling legislation.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. FUND BALANCE

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School District Board of Education.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of this fund. Revenues and expenses not meeting those definitions are reported as non-operating.

R. PENSIONS/OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

S. INTERFUND TRANSACTIONS

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

T. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2018, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

	Governmental Activities
Net position June 30, 2017	\$ (49,116,669)
Adjustments:	
Net OPEB liability	(21,739,783)
Deferred outflows - OPEB payments subsequent to measurement date	153,117
Deferred inflows - pension	220,854
Restated net position June 30, 2017	<u>\$ (70,482,481)</u>

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis statements are the following:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

<u>Net Change in Fund Balance</u>	
	<u>General Fund</u>
Budget basis	\$ (20,780)
Adjustments, increase (decrease)	
Revenue accruals	(1,776,560)
Expenditure accruals	(435,721)
Funds budgeted elsewhere **	174,699
Encumbrances	533,686
GAAP basis, as reported	<u>\$ (1,524,676)</u>

** As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a GAAP basis. This includes the Miscellaneous Local Projects Fund, Rotary Fund, Public Support Services Fund, and the Other Grants Fund.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on a fund for the major governmental funds and all other governmental funds are presented below:

Fund balances	General Fund	School Facilities Fund	Nonmajor Governmental Funds	Total
Nonspendable				
Inventory	\$ -	\$ -	\$ 12,203	\$ 12,203
Prepaid items	94,814	-	-	94,814
Total nonspendable	94,814	-	12,203	107,017
Restricted				
Food service operations	-	-	247,508	247,508
Classroom facilities and maintenance	-	-	1,362,128	1,362,128
Athletics	-	-	182,834	182,834
Non-public schools	-	-	8,805	8,805
Data communications	-	-	36,675	36,675
Debt service	-	-	2,906,170	2,906,170
Capital improvements	-	10,639,508	5,428,687	16,068,195
Total restricted	-	10,639,508	10,172,807	20,812,315
Committed				
27th pay reserve	264,000	-	-	264,000
Other purposes	223,073	-	-	223,073
Total committed	487,073	-	-	487,073
Assigned				
Student instruction	584,749	-	-	584,749
Student and staff support	467,427	-	-	467,427
Other	16,219	-	-	16,219
Total assigned	1,068,395	-	-	1,068,395
Unassigned (deficit)	16,160,758	-	(282,801)	15,877,957
Total fund balances	\$ 17,811,040	\$ 10,639,508	\$ 9,902,209	\$ 38,352,757

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5 - DEPOSITS AND INVESTMENTS

A. LEGAL REQUIREMENTS

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Commercial paper and bankers' acceptances (if authorized by the Board of Education), and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

B. DEPOSITS

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. The School District does not have a deposit policy for custodial credit risk. At fiscal year end, the carrying amount of the School District's deposits was \$ 4,118,503 and the bank balance was \$ 4,528,355. Of the bank balance, \$ 3,467,615 was covered by federal depository insurance and \$ 1,060,740 was uninsured. Of the remaining balance \$ 1,060,740 was collateralized with securities held by the pledging institution's trust department not in the School District's name.

At fiscal year end, the School District had \$ 2,091 in cash on hand which is included on the balance sheet of the School District as part of "Equity in pooled cash".

C. INVESTMENTS

As of June 30, 2018, the School District had the following investments:

	Fair Value	Investment Maturities		
		Less than 1 year	1 - 2 years	3 years and longer
STAR Ohio	\$ 16,365,823	\$ 16,365,823	\$ -	\$ -
Money Market	113,868	113,868	-	-
Commercial paper	6,632,375	6,632,375	-	-
Federal Agency Notes and Discount Notes	19,871,254	15,628,634	2,142,620	2,100,000
	<u>\$ 42,983,320</u>	<u>\$ 38,740,700</u>	<u>\$ 2,142,620</u>	<u>\$ 2,100,000</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2018. As discussed further in Note 1G, STAR Ohio is reported at its share price. All other investments of the School District are valued using quoted market prices (Level 1 inputs).

D. INTEREST RATE RISK

The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

E. CREDIT RISK

The School District follows the Ohio Revised Code that limits its investment choices as discussed in Note 5 - A above. STAR Ohio carries a rating of AAAM by Standard and Poor's and is an authorized investment under the Ohio Revised Code. Commercial paper of \$ 984,394 and \$ 5,647,981 carries a rating of A-1+ and A-1, respectively, by Standard and Poor's. The Federal agency notes and the Federal agency discount notes are rated AA+ and A-1+, respectively, by Standard and Poor's.

F. CONCENTRATION OF CREDIT RISK

The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2017:

	Fair Value	Percentage of Investments
STAR Ohio	\$ 16,365,823	38.1%
Money Market	113,868	0.3%
Commerical paper	6,632,375	15.4%
Federal Agency Notes and Discount Notes	19,871,254	46.2%
	<u>\$ 42,983,320</u>	<u>100.0%</u>

G. CUSTODIAL CREDIT RISK

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017 and are collected in 2017 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 6 - PROPERTY TAXES (continued)

Tangible personal property tax revenue received during calendar 2018 (other than public utility property tax) represents the collection of 2018 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2018 were levied after October 1, 2017, on the value as of December 31, 2017. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30; however this year the settlement was late.

The School District receives property taxes from Cuyahoga County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2018 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the late settlement of tangible personal property taxes and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

The amount available as an advance at June 30, 2018, was \$ 4,659,911 in the General Fund, \$ 498,163 in the Bond Retirement Fund and \$ 129,179 in the Permanent Improvements Fund. The amount available as an advance at June 30, 2017, was \$ 6,670,251 in the General Fund, \$ 688,191 in the Bond Retirement Fund and \$ 184,900 in the Permanent Improvements Fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 First Half Collections		2018 First Half Collections	
	Amount	%	Amount	%
Agricultural Residential				
Real Estate	\$ 521,895,150	67.12 %	\$ 522,284,600	66.85 %
Other Commercial	238,946,490	30.73	240,480,860	30.78
Public Utility Tangible	16,756,660	2.15	18,534,750	2.37
	<u>\$ 777,598,300</u>	<u>100.00 %</u>	<u>\$ 781,300,210</u>	<u>100.00 %</u>
Tax Rate per \$ 1,000 of Assessed Valuation:	<u>\$ 96.90</u>		<u>\$ 96.90</u>	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2018, consisted of property taxes, accounts, interfund and due from other governments. All receivables are considered substantially collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Additions	Disposals	Balance June 30, 2018
Governmental Activities				
Nondepreciable capital assets				
Land	\$ 1,504,554	\$ -	\$ -	\$ 1,504,554
Construction in progress	26,594,140	46,855,401	-	73,449,541
Total nondepreciable capital assets	<u>28,098,694</u>	<u>46,855,401</u>	<u>-</u>	<u>74,954,095</u>
Depreciable capital assets				
Land improvements	1,362,544	111,687	-	1,474,231
Buildings and improvements	22,517,010	84,496	-	22,601,506
Furniture and equipment	2,966,630	261,719	81,938	3,146,411
Vehicles	2,986,869	183,997	-	3,170,866
Total capital assets being depreciated	<u>29,833,053</u>	<u>641,899</u>	<u>81,938</u>	<u>30,393,014</u>
Less accumulated depreciation				
Land improvements	565,264	59,489	-	624,753
Buildings and improvements	12,802,979	631,272	-	13,434,251
Furniture and equipment	2,051,055	138,230	58,312	2,130,973
Vehicles	1,714,972	205,629	-	1,920,601
Total accumulated depreciation	<u>17,134,270</u>	<u>1,034,620</u>	<u>58,312</u>	<u>18,110,578</u>
Depreciable capital assets, net of accumulated depreciation	<u>12,698,783</u>	<u>(392,721)</u>	<u>23,626</u>	<u>12,282,436</u>
Governmental activities capital assets, net	<u>\$ 40,797,477</u>	<u>\$ 46,462,680</u>	<u>\$ 23,626</u>	<u>\$ 87,236,531</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	\$ 235,629
Special	25,489
Vocational	15,976
Supporting services	
Pupil	2,036
Instructional staff	24,121
Administration	25,905
Fiscal	475
Business	8,278
Operation and maintenance of plant	456,052
Pupil transportation	188,107
Central services	29,478
Operation of non-instructional services	
Food service	13,267
Auxiliary services	3,962
Extracurricular activities	5,845
Total depreciation expense	<u>\$ 1,034,620</u>

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - INTERFUND ASSETS/LIABILITIES

On the fund financial statements at June 30, 2018, interfund balances consisted of the following:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 472,028	\$ -
Nonmajor governmental funds	-	472,028
	<u>\$ 472,028</u>	<u>\$ 472,028</u>

These amounts are represented as "Interfund Receivable/Payable" on the balance sheet. The loans were made to support programs and projects in the Special Revenue Funds until permanent funding is received. All interfund balances are expected to be repaid within one year.

NOTE 10 - RISK MANAGEMENT

A. PROPERTY AND LIABILITY

The District is exposed to various risks of loss related to torts, theft, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2017, the District contracted with Liberty Mutual Insurance for property, liability and auto insurance. General liability coverage is \$ 1 million per occurrence, \$ 2 million aggregate with a \$ 5 million supplemental umbrella policy. Automobile liability coverage is \$ 1 million for each occurrence with a \$ 5 million supplemental umbrella policy. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in coverage from prior years. Position bonds of \$ 75,000 are maintained for the Superintendent and Board President and \$ 100,000 for the Treasurer from Ohio Casualty Insurance Company. The District provides life insurance, disability and accidental death and dismemberment insurance to its employees, through ReliaStar Life Insurance Company.

B. WORKERS' COMPENSATION

The District participated in the Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Program (GRRP), an insurance purchasing pool. The intent of the GRRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRRP. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRRP. Participation in the GRRP is limited to school districts that can meet the GRRP's selection criteria.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - RISK MANAGEMENT (continued)

C. EMPLOYEE MEDICAL BENEFITS

The District provides employee medical, surgical, prescription drug and dental benefits through a self-insurance program administered by Medical Mutual of Ohio. The District limits its liability for medical and surgical claims by maintaining a specific stop-loss threshold of \$ 125,000.

The claim liability of \$ 1,199,600 reported at June 30, 2018 was estimated by Medical Mutual of Ohio and is based on the requirements of Governmental Standards Board Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs related to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the balance of claims liability during the year ended June 30, 2018 and 2017 are summarized below. Incurred claims and claims payments are not segregated between current and prior years' claims due to the impracticability of obtaining such information.

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Unpaid claims, beginning of year	\$ 817,200	\$ 636,300
Incurred claims	8,438,397	7,502,441
Claims payments	<u>(8,055,997)</u>	<u>(7,321,541)</u>
Unpaid claims, end of year	<u>\$ 1,199,600</u>	<u>\$ 817,200</u>

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. NET PENSION LIABILITY

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

A. NET PENSION LIABILITY (continued)

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

B. PLAN DESCRIPTION - SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to retire on or before August 1, 2017*	Eligible to retire on or after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017 will be included in this plan.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

B. PLAN DESCRIPTION - SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) (continued)

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 14 percent.

The School District's contractually required contribution to SERS was \$ 1,169,326 for fiscal year 2018. Of this amount none is reported as an intergovernmental payable.

C. PLAN DESCRIPTION - STATE TEACHERS RETIREMENT SYSTEM (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

C. PLAN DESCRIPTION - STATE TEACHERS RETIREMENT SYSTEM (STRS) (continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$ 3,828,615 for fiscal year 2018. Of this amount \$ 694,752 is reported as an intergovernmental payable.

D. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

D. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 16,456,185	\$ 60,528,550	\$ 76,984,735
Pension expense	\$ (1,088,767)	\$(23,166,108)	\$ (24,254,875)
Proportion of the net pension liability prior measurement date	0.2851012%	0.25519910%	
Proportion of the net pension liability current measurement date	<u>0.2754275%</u> <u>-0.009674%</u>	<u>0.25480111%</u> <u>-0.00039799%</u>	

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 708,217	\$ 2,337,329	\$ 3,045,546
Changes in assumptions	850,962	13,238,259	14,089,221
Changes in proportionate share and difference between School District contributions and proportionated share of contributions	-	336,608	336,608
School District contributions subsequent to the measurement date	<u>1,169,326</u>	<u>3,828,615</u>	<u>4,997,941</u>
Total deferred outflows of resources	<u>\$ 2,728,505</u>	<u>\$ 19,740,811</u>	<u>\$ 22,469,316</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 487,836	\$ 487,836
Net difference between projected and actual earnings on pension plan investments	78,114	1,997,513	2,075,627
Changes in proportionate share and difference between School District contributions and proportionated share of contributions	<u>644,630</u>	<u>247,781</u>	<u>892,411</u>
Total deferred inflows of resources	<u>\$ 722,744</u>	<u>\$ 2,733,130</u>	<u>\$ 3,455,874</u>

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

D. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

\$ 3,716,496 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 20189. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2019	\$ 355,680	\$ 2,842,522	\$ 3,198,202
2020	748,844	5,349,097	6,097,941
2021	115,539	3,898,573	4,014,112
2022	(383,628)	1,088,874	705,246
	\$ 836,435	\$ 13,179,066	\$ 14,015,501

E. ACTUARIAL ASSUMPTIONS - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS (continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment rate of return	7.50 percent of net of investments expense, including inflation
Actuarial cost method	Entry age normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disable members were based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	1.00%	0.50%
U.S. stocks	22.50%	4.75%
Non-U.S. stocks	22.50%	7.00%
Fixed income	19.00%	1.50%
Private equity	10.00%	8.00%
Real assets	15.00%	5.00%
Multi-asset strategies	10.00%	3.00%
	<u>100.00%</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS (continued)

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	<u>\$ 22,836,908</u>	<u>\$ 16,456,185</u>	<u>\$ 11,111,028</u>

F. ACTUARIAL ASSUMPTIONS - STRS

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3.00 percent
Cost-of-living adjustments (COLA)	0 percent effective July 1, 2017

Mortality rates were based on the RP-2014 Annuitant Mortality Table (with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012. improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Preretirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

F. ACTUARIAL ASSUMPTIONS – STRS (continued)

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return *</u>
Domestic equity	28.00%	7.35%
International equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed income	21.00%	3.00%
Real estate	10.00%	6.00%
Liquidity reserves	1.00%	2.25%
	<u>100.00%</u>	

* The 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
School District's proportionate share of the net pension liability	<u>\$ 86,765,616</u>	<u>\$ 60,528,550</u>	<u>\$ 38,427,754</u>

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

F. ACTUARIAL ASSUMPTIONS – STRS (continued)

Changes Between Measurement Date and Report Date - The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Benefit Term Changes Since the Prior Measurement Date - Effective July 1, 2017, the Cost of Living Adjustment was reduced to zero.

NOTE 12 – DEFINED BENEFIT OPEB PLANS

A. NET OPEB LIABILITY

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the School District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)

B. PLAN DESCRIPTION - SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$ 23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was \$ 150,739.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$ 194,047 for fiscal year 2018. Of this amount \$ 150,739 is reported as an intergovernmental payable.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)

C. PLAN DESCRIPTION - STATE TEACHERS RETIREMENT SYSTEM (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS Ohio did not allocate any employer contributions to post-employment health care.

D. OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the net OPEB liability			
Prior measurement date	0.28783180%	0.25309363%	
Current measurement date	<u>0.27964740%</u>	<u>0.25480111%</u>	
Change in proportionate share	<u>-0.00818440%</u>	<u>0.00000000%</u>	
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net OPEB liability	\$ 7,505,001	\$ 9,941,399	\$ 17,446,400
OPEB expense	\$ 378,156	\$ (3,020,533)	\$ (2,642,377)

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)

D. OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (continued)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 573,878	\$ 573,878
Changes in proportionate share and differences between School District contributions and proportionate share of contributions	-	78,272	78,272
School District contributions subsequent to the measurement date	194,047	-	194,047
Total deferred outflows of resources	<u>\$ 194,047</u>	<u>\$ 652,150</u>	<u>\$ 846,197</u>
Deferred inflows of resources			
Change in assumptions	\$ 712,186	\$ 800,812	\$ 1,512,998
Net difference between projected and actual earnings on OPEB plan investments	19,819	424,919	444,738
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	192,304	-	192,304
Total deferred inflows of resources	<u>\$ 924,309</u>	<u>\$ 1,225,731</u>	<u>\$ 2,150,040</u>

\$ 194,047 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	\$ (332,668)	\$ (131,007)	\$ (463,675)
2020	(332,668)	(131,007)	(463,675)
2021	(254,018)	(131,007)	(385,025)
2022	(4,955)	(131,007)	(135,962)
2023	-	(24,778)	(24,778)
2024	-	(24,775)	(24,775)
	<u>\$ (924,309)</u>	<u>\$ (573,581)</u>	<u>\$ (1,497,890)</u>

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
Investment rate of return	7.50 percent of net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.56 percent
Prior measurement date	2.92 percent
Single equivalent interest rate, net of plan investment expense, including price inflation	
Measurement date	3.63 percent
Prior measurement date	2.98 percent
Medical trend assumptions	
Medicare	5.50 to 5.00 percent
Pre-medicare	7.50 to 5.00 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS (continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	1.00%	0.50%
U.S. stocks	22.50%	4.75%
Non-U.S. stocks	22.50%	7.00%
Fixed income	19.00%	1.50%
Private equity	10.00%	8.00%
Real assets	15.00%	5.00%
Multi-asset strategies	10.00%	3.00%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS (continued)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's proportionate share of the net OPEB liability	<u>\$ 9,063,245</u>	<u>\$ 7,505,001</u>	<u>\$ 6,270,475</u>

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	<u>\$ 6,089,746</u>	<u>\$ 7,505,001</u>	<u>\$ 9,378,116</u>

F. ACTUARIAL ASSUMPTIONS – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3 percent
Cost-of-living adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended discount rate of return	4.13 percent
Health care cost trends	6 to 11 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)

F. ACTUARIAL ASSUMPTIONS – STRS (continued)

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return *</u>
Domestic equity	28.00%	7.35%
International equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed income	21.00%	3.00%
Real estate	10.00%	6.00%
Liquidity reserves	1.00%	2.25%
	<u>100.00%</u>	

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)

F. ACTUARIAL ASSUMPTIONS – STRS (continued)

Discount Rate -The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate -The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net pension liability	<u>\$ 13,346,169</u>	<u>\$ 9,941,399</u>	<u>\$ 7,250,518</u>

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net pension liability	<u>\$ 6,906,858</u>	<u>\$ 9,941,399</u>	<u>\$ 13,935,210</u>

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13 - LONG-TERM OBLIGATIONS

The original issue date, interest rate, original issuance and date of maturity for each of the School District's bond obligations follows:

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
General obligation bonds				
Energy conservation	2013	1.95%	\$ 3,315,000	2025
School Facilities Improvement Series A	2015	.8% - 3.00%	\$ 8,577,000	2018
School Facilities Improvement Series B	2015	1.5% - 5.0%	\$ 72,000,000	2049
Refunding bonds	2017	2.0% - 30.0%	\$ 48,273,668	2028

The energy conservation bonds issued in 2013 were for the installation, modification and remodeling of school buildings to conserve energy. The school facilities improvement bonds issued in 2015 are for construction a new middle school building and a new high school building.

Changes in the School District's long-term obligations during fiscal year 2018 were as follows:

	Restated Balance June 30, 2017	Increase	Decrease	Balance June 30, 2018	Amounts Due In One Year
General obligation bonds					
Energy conservation	\$ 2,290,000	\$ -	\$ 265,000	\$ 2,025,000	\$ 270,000
Facilities improvements	73,300,000	-	49,665,000	23,635,000	980,000
Refunding bonds					
Term and serial bonds	-	47,505,000	-	47,505,000	570,000
Capital appreciation bonds	-	768,668	-	768,668	-
Accretion on capital appreciation bonds	-	119,282	-	119,282	-
Total general obligation bonds	75,590,000	48,392,950	49,930,000	74,052,950	1,820,000
Unamortized bond premium	5,613,702	7,829,925	5,566,744	7,876,883	-
Net pension liability					
STRS	84,718,067	-	24,189,517	60,528,550	-
SERS	20,761,924	-	4,305,739	16,456,185	-
Total net pension liability	105,479,991	-	28,495,256	76,984,735	-
Net OPEB liability					
STRS	13,535,512	-	3,594,113	9,941,399	-
SERS	8,204,271	-	699,270	7,505,001	-
Total net OPEB liability	21,739,783	-	4,293,383	17,446,400	-
Capital lease	55,016	-	25,965	29,051	26,782
Compensated absences	5,581,685	950,238	410,363	6,121,560	477,726
Total long-term obligations	\$ 214,060,177	\$ 57,173,113	\$ 88,721,711	\$ 182,511,579	\$ 2,324,508

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13 - LONG-TERM OBLIGATIONS (continued)

The School District's overall legal debt margin was \$ 2,408,007, which included an unvoted debt margin of \$ 703,170.

Bonds payable are repaid from the Debt Service Fund. The capital lease obligation is paid from the General Fund. The government pays obligations related to employee compensation from the fund benefitting from their service.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension and net OPEB liability see Note 11 and 12.

Principal and interest requirements to retire the general obligation bonds payable outstanding at June 30, 2018, are as follows:

Fiscal Year Ending	Principal	Interest	Total
2019	\$ 1,820,000	\$ 2,669,580	\$ 4,489,580
2020	1,710,000	2,638,110	4,348,110
2021	1,745,000	2,604,943	4,349,943
2022	1,770,000	2,554,563	4,324,563
2023	1,885,000	2,501,377	4,386,377
2024 - 2028	2,522,304	18,716,814	21,239,118
2029 - 2033	9,611,364	11,422,286	21,033,650
2034 - 2038	12,370,000	9,090,350	21,460,350
2039 - 2043	15,775,000	6,223,056	21,998,056
2044 - 2048	20,125,000	2,962,882	23,087,882
2049	4,600,000	92,000	4,692,000
Totals	<u>\$ 73,933,668</u>	<u>\$ 61,475,961</u>	<u>\$ 135,409,629</u>

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 14 – CAPITAL LEASE

The School District has entered into a lease agreement for copiers. The lease agreement meets the criteria of a capital lease for accounting purposes and, therefore has been recorded at the present value of future minimum lease payments as of the inception date.

Capital assets acquired by lease have been capitalized and depreciated as follows:

	Cost	Accumulated Depreciation	Net
Copier equipment	\$ 126,317	\$ 98,947	\$ 27,370

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2018.

	Year ending June 30,	Amount
Total future minimum lease payments	2019	27,303
	2020	2,275
		29,578
Less amount representing interest		(527)
Net present value of minimum lease payments		\$ 29,051

NOTE 15 - JOINTLY GOVERNED ORGANIZATION

A. NORTHERN BUCKEYE EDUCATION COUNCIL

The Northern Buckeye Education Council (the "Council") is a 40 entity consortium organized under Chapter 167 of the Ohio Revised Code as a not-for profit Council of Governments and is directed by a thirteen member Board of Directors. The purpose of the Council is to provide educational entities in greater northwestern Ohio access to a variety of cooperative administrative services thereby reducing the cost of obtaining these services. Currently the Council provides data processing and internet access services through its Northwest Ohio Computer Association (NWOCA) subsidiary; assists in the preparation of financial reports and offers in-service training sessions to employees of its member entities.

Financial information can be obtained by contacting the Council at 209 Nolan Parkway, P.O. Box 407, Archbold, Ohio 43502. During the year ended June 30, 2018, the School District paid \$ 137,711 to the Council.

B. POLARIS CAREER CENTER

The Polaris Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special needs of the students. Its Board of Education consists of representatives from the board of each participating school district. The Board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. North Olmsted City School District students may attend the vocational school. Each school district's control is limited to its representation on the Board. Financial information can be obtained by contacting the Polaris Career Center, 7285 Old Oak Blvd., Middleburg Heights, Ohio 44130.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 15 - JOINTLY GOVERNED ORGANIZATION (continued)

C. NORTH OLMSTED CITY SCHOOLS EDUCATION FOUNDATION

The North Olmsted City Schools Education Foundation (Foundation) is a jointly governed organization established by the Ohio Revised Code to support and enhance educational opportunities for the youth of the North Olmsted Community. The trustees of the Foundation consist of five ex officio trustees and up to fifteen members selected by a nominating committee appointed by the ex officio trustees.

The ex officio trustees are composed of the following individuals: the Superintendent of the North Olmsted City School District, a member of the North Olmsted Board of Education, a member of the North Olmsted PTA Council, a member of the North Olmsted City Schools' Financial Advisory Board, and a member of the Community Education Advisory Board. All trustees are voting members. The Foundation is responsible for approving its own budgets, appointing personnel, creation of committees, and accounting and financial related activities. Financial information can be obtained by contacting Carrie Copfer, c/o The North Olmsted Board of Education, 26669 Butternut Ridge Road, North Olmsted, Ohio 44070.

D OHIO SCHOOLS COUNCIL

The Ohio Schools Council Association (Council) is a jointly governed organization among 201 school districts, educational service centers, and developmental disabilities boards in 33 Ohio. The organization was formed to purchase quality products and services at the lowest possible cost to its members. The Council's Board consists of seven superintendents of the participating organizations whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2018 the School District paid \$ 3,003 to the Council in annual membership and other fees. Financial information can be obtained by contacting William J. Zelei, the Executive Director/Treasurer of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The School District participates in the Council's natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Compass Energy Gas Services is the natural gas supplier and program manager. There are currently 154 participants in the program. The participants make equal monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Participants that paid more in estimated billings than their actual usage can request a refund or are issued a credit on future billings. Participants that did not pay enough on estimated billings are invoiced for the difference.

The School District also participates in the Council's Power for Schools electricity discount program. This program allows the School District to purchase electricity directly from the Cleveland Electric Illuminating Co, at a fixed rate of \$0.0602 per kwh until June 2017 when the rate is decreased to \$0.0518 per kwh for the next 18 month. There are currently 251 participants in the program. No administration fee is charged by the Council to participate in this program.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 16 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2018 consisted of the following:

	Transfer from:
	<u>General Fund</u>
Transfer to:	
Nonmajor	
governmental funds	\$ 125,000
Total transfers-out	<u>\$ 125,000</u>

Transfers from the General Fund were to provide for payment of expenditures in the Food Service Fund and the Athletics Fund.

NOTE 17 - CONTINGENCIES

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2018.

NOTE 18 - FOUNDATION FUNDING

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 19 - SET-ASIDES

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward and used for the same purposes in future years. In addition, the School District has set aside money for budget stabilization. The following cash basis information identifies the changes in the fund balance reserves for capital improvements and budget stabilization during fiscal year 2018.

	Capital Maintenance	Budget Stabilization
Set-aside reserve balances as of June 30, 2017	\$ -	\$ 223,073
Set-aside balance carried forward	-	-
Current year set-aside requirement	670,689	-
Qualifying offsets and disbursements	(1,431,937)	-
Total	<u>\$ (761,248)</u>	<u>\$ 223,073</u>
Set-aside balance carried forward to future fiscal years	<u>\$ -</u>	<u>\$ -</u>

Although the School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount below zero for capital maintenance set-aside, this amount may not be used to reduce the set-aside requirement for future years.

NOTE 20 – COMPLIANCE AND ACCOUNTABILITY

Not apparent in the basic financial statements are the following deficit fund balances.

Special Revenue Funds:	
Title VIB	\$ 97,043
Limited English Proficiency	\$ 7,093
Title I	\$ 164,233
Preschool	\$ 7,439
Title II-A	\$ 4,482
Miscellaneous Federal Grants	\$ 2,511

These deficits resulted from adjustments for accrued liabilities. The General Fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 21 – TAX ABATEMENTS

In 1992, pursuant to Ohio Revised Code 3735, the City of North Olmsted established a Community Reinvestment Area (CRA) to provide tax incentives to encourage commercial and residential new construction and building improvements.

Based upon the type of new construction and/or improvements, the City may negotiate an abatement of up to 75% or 100% of the additional property taxes resulting from the improvements, for a period of up to 10 to 15 years.

During the 2018 tax year, approximately \$ 69,200 of School District's property taxes were abated under this program.

NOTE 22 – ADVANCE REFUNDING AND DEFEASANCE OF DEBT

In December 2017 the School District issued \$ 48,273,668 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$ 48,275,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$ 2,044,925. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which is the same as the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments by \$ 4,473,715 and resulted in an economic gain of \$ 3,052,354. As of June 30, 2018, \$ 48,275,000 of bonds payable are considered to be defeased.

NOTE 21 – CONTRACTUAL COMMITMENTS

At June 30, 2018 the School District had contractual commitments for the following:

<u>Project</u>	<u>Estimated Total Cost</u>	<u>Expended To Date</u>	<u>Outstanding Commitments</u>
School buildings construction	<u>\$ 89,565,000</u>	<u>\$ 71,639,998</u>	<u>\$ 17,925,002</u>

REQUIRED SUPPLEMENTARY INFORMATION

NORTH OLMSTED CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST FIVE FISCAL YEARS (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.2754275%	0.2836686%	0.2851012%	0.2982690%
School District's proportionate share of the net pension liability	\$ 16,456,185	\$ 20,761,924	\$ 16,268,151	\$ 15,095,224
School District's covered payroll	\$ 8,148,014	\$ 7,323,529	\$ 8,244,609	\$ 8,191,847
School District's proportionate share of the net pension liability as a percentage of its covered payroll	201.97%	283.50%	211.57%	184.27%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	62.98%	69.16%	71.70%

(1) Information prior to 2013 is not available

Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year.

See accompanying notes to required supplementary information.

NORTH OLMSTED CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST FIVE FISCAL YEARS (1)

2014
<hr/>
0.2982690%

\$ 17,737,100

6,744,335

262.99%

65.52%

NORTH OLMSTED CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST FIVE FISCAL YEARS (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.25480111%	0.25309363%	0.25519910%	0.250795%
School District's proportionate share of the net pension liability	\$ 60,528,550	\$ 84,718,067	\$ 70,529,568	\$ 61,002,024
School District's covered payroll	\$ 25,778,279	\$ 26,978,250	\$ 26,704,226	\$ 26,541,248
School District's proportionate share of the net pension liability as a percentage of its covered payroll	234.80%	314.02%	264.11%	229.84%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	66.80%	72.10%	74.70%

(1) Information prior to 2013 is not available

Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year.

See accompanying notes to required supplementary information.

2014

0.250795%

\$ 72,665,211

\$ 24,369,023

298.19%

69.30%

NORTH OLMSTED CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS - PENSION
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Contractually required contribution	\$ 1,169,326	\$ 1,140,722	\$ 1,025,294	\$ 1,084,003
Contributions in relation to the contractually required contribution	<u>(1,169,326)</u>	<u>(1,140,722)</u>	<u>(1,025,294)</u>	<u>(1,084,003)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 8,661,674	\$ 8,148,014	\$ 7,323,529	\$ 8,224,609
Contributions as a percentage of covered payroll	13.50%	14.00%	14.00%	13.18%

See accompanying notes to required supplementary information.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 1,135,390	\$ 933,416	\$ 1,053,712	\$ 931,964	\$ 1,008,253	\$ 726,876
<u>(1,135,390)</u>	<u>(933,416)</u>	<u>(1,053,712)</u>	<u>(931,964)</u>	<u>(1,008,253)</u>	<u>(726,876)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,191,847	\$ 6,744,335	\$ 7,834,290	\$ 7,414,193	\$ 7,446,477	\$ 7,386,951
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

NORTH OLMSTED CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS - PENSION
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,828,615	\$ 3,608,959	\$ 3,776,955	\$ 3,738,592
Contributions in relation to the contractually required contribution	<u>(3,828,615)</u>	<u>(3,608,959)</u>	<u>(3,776,955)</u>	<u>(3,738,592)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 27,347,250	\$ 25,778,279	\$ 26,978,250	\$ 26,704,226
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to required supplementary information.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 3,400,109	\$ 3,167,973	\$ 3,433,177	\$ 3,235,398	\$ 3,323,424	\$ 3,155,308
<u>(3,400,109)</u>	<u>(3,167,973)</u>	<u>(3,433,177)</u>	<u>(3,235,398)</u>	<u>(3,323,424)</u>	<u>(3,155,308)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 26,154,685	\$ 24,369,023	\$ 26,409,054	\$ 24,887,677	\$ 25,564,800	\$ 24,271,600
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

NORTH OLMSTED CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TWO FISCAL YEARS (1)

	2018	2017
School District's proportion of the net OPEB liability	0.2796474%	0.2878318%
School District's proportionate share of the net OPEB liability	\$ 7,505,001	\$ 8,204,271
School District's covered payroll	\$ 8,148,014	\$ 7,323,529
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	92.11%	112.03%
Plan fiduciary net position as a percentage of the total OPEB liability	12.46%	11.49%

(1) Information prior to 2017 is not available. This schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date
which is the prior year end.

See accompanying notes to required supplementary information.

NORTH OLMSTED CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TWO FISCAL YEARS (1)

	2018	2017
School District's proportion of the net OPEB liability	0.2548011%	0.2530936%
School District's proportionate share of the net OPEB liability	\$ 9,941,399	\$ 13,535,512
School District's covered payroll	\$ 25,778,279	\$ 26,978,250
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	38.57%	50.17%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	37.30%

(1) Information prior to 2017 is not available. This schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date
which is the prior year end.

See accompanying notes to required supplementary information.

NORTH OLMSTED CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS - OPEB
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (1)	\$ 194,047	\$ 153,117	\$ 147,209	\$ 67,442
Contributions in relation to the contractually required contribution	<u>(194,047)</u>	<u>(153,117)</u>	<u>(147,209)</u>	<u>(67,442)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 8,661,674	\$ 8,148,014	\$ 7,323,529	\$ 8,224,609
OPEB contributions as a percentage of covered payroll	2.24%	1.88%	2.01%	0.82%

(1) Includes Surcharge

See accompanying notes to required supplementary information.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 164,260	\$ 201,617	\$ 149,025	\$ 144,289	\$ 220,656	\$ 392,625
<u>(164,260)</u>	<u>(201,617)</u>	<u>(149,025)</u>	<u>(144,289)</u>	<u>(220,656)</u>	<u>(392,625)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,191,847	\$ 6,744,335	\$ 7,834,290	\$ 7,414,193	\$ 7,446,477	\$ 7,386,951
2.01%	2.99%	1.90%	1.95%	2.96%	5.32%

NORTH OLMSTED CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS - OPEB
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Contractually required contribution (1)	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School District covered payroll	\$ 27,347,250	\$ 25,778,279	\$ 26,978,250	\$ 26,704,226
OPEB contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to required supplementary information.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 261,547	\$ 243,690	\$ 264,091	\$ 248,877	\$ 255,648	\$ 242,716
<u>(261,547)</u>	<u>(243,690)</u>	<u>(264,091)</u>	<u>(248,877)</u>	<u>(255,648)</u>	<u>(242,716)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 26,154,685	\$ 24,369,023	\$ 26,409,054	\$ 24,887,677	\$ 25,564,800	\$ 24,271,600
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2018

NOTE 1 – PENSION

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms - There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

Changes in assumptions - There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefits terms - There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.

Changes in assumptions - There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

NORTH OLMSTED CITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2018

NOTE 2 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms - There were no changes in benefit terms from the amounts reported for fiscal years 2017-2018.

Changes in assumptions - There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms - There were no changes in benefit terms from the amounts reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

Changes in assumptions - There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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**COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for revenues from specific sources which legally, or otherwise, are restricted to expenditures for specific purposes.

Food Service - This fund accounts for all transactions related to the operations of the School District's food service program which provides lunches to students and the staff.

Classroom Facilities Maintenance - This fund is used to account for the proceeds from a levy for the maintenance of facilities.

Athletics – This fund accounts for gate receipts and fund raising activities and all operating costs (except supplemental coaching contracts) of the District's Athletic Program.

Auxiliary Service – This fund accounts for State funds received for non-public schools located within the school district as provided by state law. Funds are used primarily for educational supplies, materials, and testing.

Data Communications – This fund provides support costs for data communication links to connect a school district electronically to the data acquisition site.

Alternative Education – This fund is used to account for alternative educational programs for existing and new at-risk and delinquent youth. For the year ended June 30, 2018, this fund had no ending balances using the modified accrual basis of accounting.

Title VI-B – This fund accounts for Federal revenues in support of program expenditures related to Special Education.

Limited English Proficiency – This fund provides support for programs designed to help immigrant children develop academic literacy in the English language.

Title I – This fund accounts for Federal monies to implement a variety of programs intended to provide supplemental instruction for children of low income families identified as educationally disadvantaged.

Preschool – This fund accounts for Federal monies supporting programs for handicapped services for children ages 2 through 5 to ready them for the school environment.

Title II-A – This fund accounts for Federal revenue used to hire additional teachers in grade 1 through 3 and provide professional development support.

Miscellaneous Federal Grants – This fund is used to account for various Federally funded programs under the Serve and Learn American Grant Program.

(continued)

NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (concluded)

SPECIAL REVENUE FUNDS (continued)

The following funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis). These funds are not included in the combining statements for the nonmajor special revenue funds since they are reported in the General Fund (GAAP basis); however, the budgetary schedules for these funds are presented in this section.

Miscellaneous Local Projects - This fund accounts contributions for school district programs.

Rotary Fund -To account for operations that provide goods or services on a cost-reimbursement basis.

Public Support Services - To account for specific local revenue sources, other than taxes or expendable trusts (i.e. profits from vending machines, sales of pictures, etc.), that are restricted to expenditures for specified purposes approved by board resolution. Such expenditures may include curricular and extracurricular related purchases.

Other Grants – This fund is used for various monies received from various sources

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for the payment of long-term debt principal, interest, and related costs.

CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Permanent Improvements – This fund accounts for all transactions related to the acquiring, constructing, or improving facilities and/or capital assets.

Building Fund – This fund accounts for bond proceeds to be used for the acquisition, construction, or improvement of major capital facilities.

NORTH OLMSTED CITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in pooled cash	\$ 2,240,356	\$ 2,408,007	\$ 6,071,544	\$ 10,719,907
Receivables, net of allowance				
Taxes, current	-	4,026,142	1,047,675	5,073,817
Taxes, delinquent	-	69,800	18,200	88,000
Intergovernmental receivables	115,335	-	-	115,335
Inventories and supplies	12,203	-	-	12,203
Total assets	<u>\$ 2,367,894</u>	<u>\$ 6,503,949</u>	<u>\$ 7,137,419</u>	<u>\$ 16,009,262</u>
Liabilities				
Accounts and contracts payable	\$ 63,524	\$ -	\$ 772,036	\$ 835,560
Accrued salaries, wages and benefits	203,284	-	-	203,284
Intergovernmental payable	61,706	-	-	61,706
Interfund payable	472,028	-	-	472,028
Total liabilities	<u>800,542</u>	<u>-</u>	<u>772,036</u>	<u>1,572,578</u>
Deferred inflows of resources				
Property taxes levied for next year and unavailable resources	-	3,597,779	936,696	4,534,475
Total deferred inflows of resources	<u>-</u>	<u>3,597,779</u>	<u>936,696</u>	<u>4,534,475</u>
Fund balances (deficits)				
Nonspendable	12,203	-	-	12,203
Restricted	1,837,950	2,906,170	5,428,687	10,172,807
Unassigned	(282,801)	-	-	(282,801)
Total fund balances (deficits)	<u>1,567,352</u>	<u>2,906,170</u>	<u>5,428,687</u>	<u>9,902,209</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 2,367,894</u>	<u>\$ 6,503,949</u>	<u>\$ 7,137,419</u>	<u>\$ 16,009,262</u>

NORTH OLMSTED CITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenue				
Taxes	\$ 386,908	\$ 4,073,188	\$ 591,027	\$ 5,051,123
Interest	4,549	-	133,070	137,619
Intergovernmental	2,952,403	131,441	127,786	3,211,630
Charges for services	385,815	-	-	385,815
Extracurricular	250,206	-	-	250,206
Other	9,336	-	-	9,336
Total revenues	<u>3,989,217</u>	<u>4,204,629</u>	<u>851,883</u>	<u>9,045,729</u>
Expenditures				
Current				
Instruction				
Regular	780,133	-	246,514	1,026,647
Supporting services				
Pupil	953,809	-	-	953,809
Instructional staff	98,235	-	-	98,235
Administration	395	-	10,296	10,691
Fiscal services	-	-	6,694	6,694
Business	-	-	9,537	9,537
Operation and maintenance	-	-	50,659	50,659
Pupil transportation	25,000	-	191,401	216,401
Central services	14,400	-	-	14,400
Operation of non-instructional services				
Food service operation	1,324,438	-	-	1,324,438
Community services	180,133	-	-	180,133
Extracurricular activities	278,631	-	-	278,631
Capital outlay	-	-	7,105,214	7,105,214
Debt service				
Principal	-	1,455,000	-	1,455,000
Interest	-	3,170,372	-	3,170,372
Total expenditures	<u>3,655,174</u>	<u>4,625,372</u>	<u>7,620,315</u>	<u>15,900,861</u>
Excess (deficiency) of revenues over expenditures	<u>334,043</u>	<u>(420,743)</u>	<u>(6,768,432)</u>	<u>(6,855,132)</u>
Other financing sources (uses)				
Proceeds from debt refunding	-	48,273,668	-	48,273,668
Premium on debt issue	-	7,829,925	-	7,829,925
Payment to escrow agent	-	(55,760,380)	-	(55,760,380)
Proceeds from sale of capital assets	-	-	165,000	165,000
Transfers-in	125,000	-	-	125,000
Total other financing sources (uses)	<u>125,000</u>	<u>343,213</u>	<u>165,000</u>	<u>633,213</u>
Net change in fund balances	459,043	(77,530)	(6,603,432)	(6,221,919)
Fund balances, beginning of year	<u>1,108,309</u>	<u>2,983,700</u>	<u>12,032,119</u>	<u>16,124,128</u>
Fund balances, end of year	<u>\$ 1,567,352</u>	<u>\$ 2,906,170</u>	<u>\$ 5,428,687</u>	<u>\$ 9,902,209</u>

NORTH OLMSTED CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Food Service	Classroom Facilities and Maintenance	Athletics	Auxiliary Service
Assets				
Equity in pooled cash	\$ 253,100	\$ 1,362,128	\$ 208,006	\$ 24,563
Intergovernmental receivables	115,335	-	-	-
Inventories and supplies	12,203	-	-	-
Total assets	<u>\$ 380,638</u>	<u>\$ 1,362,128</u>	<u>\$ 208,006</u>	<u>\$ 24,563</u>
Liabilities				
Accounts and contracts payable	\$ 31,023	\$ -	\$ 25,172	\$ 5,438
Accrued salaries, wages and benefits	53,620	-	-	8,182
Intergovernmental payable	36,284	-	-	2,138
Interfund payable	-	-	-	-
Total liabilities	<u>120,927</u>	<u>-</u>	<u>25,172</u>	<u>15,758</u>
Fund balances (deficits)				
Nonspendable	12,203	-	-	-
Restricted	247,508	1,362,128	182,834	8,805
Unassigned	-	-	-	-
Total fund balances (deficits)	<u>259,711</u>	<u>1,362,128</u>	<u>182,834</u>	<u>8,805</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 380,638</u>	<u>\$ 1,362,128</u>	<u>\$ 208,006</u>	<u>\$ 24,563</u>

<u>Data Communications</u>	<u>Title VIB</u>	<u>Limited English Proficiency</u>	<u>Title I</u>
\$ 36,675	\$ 114,524	\$ 18,839	\$ 113,641
-	-	-	-
-	-	-	-
<u>\$ 36,675</u>	<u>\$ 114,524</u>	<u>\$ 18,839</u>	<u>\$ 113,641</u>
\$ -	\$ 504	\$ -	\$ 1,161
-	35,605	4,875	95,056
-	1,044	1,080	21,160
-	174,414	19,977	160,497
<u>-</u>	<u>211,567</u>	<u>25,932</u>	<u>277,874</u>
-	-	-	-
36,675	-	-	-
-	(97,043)	(7,093)	(164,233)
<u>36,675</u>	<u>(97,043)</u>	<u>(7,093)</u>	<u>(164,233)</u>
<u>\$ 36,675</u>	<u>\$ 114,524</u>	<u>\$ 18,839</u>	<u>\$ 113,641</u>

(CONTINUED)

NORTH OLMSTED CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

(CONCLUDED)

	Preschool	Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
Assets				
Equity in pooled cash	\$ 3,588	\$ 97,435	\$ 7,857	\$ 2,240,356
Intergovernmental receivables	-	-	-	115,335
Inventories and supplies	-	-	-	12,203
Total assets	<u>\$ 3,588</u>	<u>\$ 97,435</u>	<u>\$ 7,857</u>	<u>\$ 2,367,894</u>
Liabilities				
Accounts and contracts payable	\$ -	\$ 226	\$ -	\$ 63,524
Accrued salaries, wages and benefits	5,946	-	-	203,284
Intergovernmental payable	-	-	-	61,706
Interfund payable	5,081	101,691	10,368	472,028
Total liabilities	<u>11,027</u>	<u>101,917</u>	<u>10,368</u>	<u>800,542</u>
Fund balances (deficits)				
Nonspendable	-	-	-	12,203
Restricted	-	-	-	1,837,950
Unassigned	(7,439)	(4,482)	(2,511)	(282,801)
Total fund balances (deficits)	<u>(7,439)</u>	<u>(4,482)</u>	<u>(2,511)</u>	<u>1,567,352</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 3,588</u>	<u>\$ 97,435</u>	<u>\$ 7,857</u>	<u>\$ 2,367,894</u>

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NORTH OLMSTED CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Food Service	Classroom Facilities and Maintenance	Athletics	Auxiliary Service
Revenue				
Taxes	\$ -	\$ 386,908	\$ -	\$ -
Interest	3,724	-	-	825
Intergovernmental	839,905	-	-	153,928
Charges for services	385,815	-	-	-
Extracurricular	-	-	250,206	-
Other	9,336	-	-	-
Total revenues	<u>1,238,780</u>	<u>386,908</u>	<u>250,206</u>	<u>154,753</u>
Expenditures				
Current				
Instruction				
Regular	-	-	-	-
Supporting services				
Pupil	-	-	-	-
Instructional staff	-	-	-	-
Administration	-	-	-	-
Pupil transportation	-	-	-	-
Central services	-	-	-	-
Operation of non-instructional services				
Food service operation	1,324,438	-	-	-
Community services	-	-	-	155,123
Extracurricular activities	-	-	278,631	-
Total expenditures	<u>1,324,438</u>	<u>-</u>	<u>278,631</u>	<u>155,123</u>
Excess (deficiency) of revenues over expenditures	<u>(85,658)</u>	<u>386,908</u>	<u>(28,425)</u>	<u>(370)</u>
Other financing sources (uses)				
Transfers-in	100,000	-	25,000	-
Total other financing sources (uses)	<u>100,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Net change in fund balances	14,342	386,908	(3,425)	(370)
Fund balances, beginning of year	<u>245,369</u>	<u>975,220</u>	<u>186,259</u>	<u>9,175</u>
Fund balances, end of year	<u>\$ 259,711</u>	<u>\$ 1,362,128</u>	<u>\$ 182,834</u>	<u>\$ 8,805</u>

Data Communications	Title VIB	Limited English Proficiency	Title I
\$ -	\$ -	\$ -	\$ -
-	-	-	-
14,400	876,090	43,598	912,553
-	-	-	-
-	-	-	-
-	-	-	-
14,400	876,090	43,598	912,553
-	4,918	-	774,802
-	784,909	41,106	110,468
-	-	1,322	3,710
-	-	-	395
-	25,000	-	-
14,400	-	-	-
-	-	-	-
-	12,914	-	6,665
-	-	-	-
14,400	827,741	42,428	896,040
-	48,349	1,170	16,513
-	-	-	-
-	-	-	-
-	48,349	1,170	16,513
36,675	(145,392)	(8,263)	(180,746)
\$ 36,675	\$ (97,043)	\$ (7,093)	\$ (164,233)

(CONTINUED)

NORTH OLMSTED CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES–
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

(CONCLUDED)

	Preschool	Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ 386,908
Interest	-	-	-	4,549
Intergovernmental	16,444	87,689	7,796	2,952,403
Charges for services	-	-	-	385,815
Extracurricular	-	-	-	250,206
Other	-	-	-	9,336
Total revenues	<u>16,444</u>	<u>87,689</u>	<u>7,796</u>	<u>3,989,217</u>
Expenditures				
Current				
Instruction				
Regular	-	-	413	780,133
Supporting services				
Pupil	15,051	-	2,275	953,809
Instructional staff	5,946	79,386	7,871	98,235
Administration	-	-	-	395
Pupil transportation	-	-	-	25,000
Central services	-	-	-	14,400
Operation of non-instructional services				
Food service operation	-	-	-	1,324,438
Community services	-	5,431	-	180,133
Extracurricular activities	-	-	-	278,631
Total expenditures	<u>20,997</u>	<u>84,817</u>	<u>10,559</u>	<u>3,655,174</u>
Excess (deficiency) of revenues over expenditures	<u>(4,553)</u>	<u>2,872</u>	<u>(2,763)</u>	<u>334,043</u>
Other financing sources (uses)				
Transfers-in	-	-	-	125,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,000</u>
Net change in fund balances	(4,553)	2,872	(2,763)	459,043
Fund balances, beginning of year	<u>(2,886)</u>	<u>(7,354)</u>	<u>252</u>	<u>1,108,309</u>
Fund balances, end of year	<u>\$ (7,439)</u>	<u>\$ (4,482)</u>	<u>\$ (2,511)</u>	<u>\$ 1,567,352</u>

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NORTH OLMSTED CITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2018

	Permanent Improvements Fund	Building Fund	Total Capital Projects Funds
Assets			
Equity in pooled cash	\$ 1,805,779	\$ 4,265,765	\$ 6,071,544
Receivables, net of allowance			
Taxes, current	1,047,675	-	1,047,675
Taxes, delinquent	18,200	-	18,200
Total assets	\$ 2,871,654	\$ 4,265,765	\$ 7,137,419
Liabilities			
Accounts and contracts payable	\$ 173,321	\$ 598,715	\$ 772,036
Total liabilities	173,321	598,715	772,036
Deferred inflows of resources			
Property taxes levied for next year and unavailable resources	936,696	-	936,696
Total deferred inflows of resources	936,696	-	936,696
Fund balances (deficits)			
Restricted	1,761,637	3,667,050	5,428,687
Total fund balances (deficits)	1,761,637	3,667,050	5,428,687
Total liabilities, deferred inflows of resources and fund balances	\$ 2,871,654	\$ 4,265,765	\$ 7,137,419

NORTH OLMSTED CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Permanent Improvements Fund	Building Fund	Total Capital Projects Funds
Revenue			
Taxes	\$ 591,027	\$ -	\$ 591,027
Interest	16,001	117,069	133,070
Intergovernmental	127,786	-	127,786
Total revenues	<u>734,814</u>	<u>117,069</u>	<u>851,883</u>
Expenditures			
Current			
Instruction			
Regular	246,514	-	246,514
Supporting services			
Administration	10,296	-	10,296
Fiscal services	-	6,694	6,694
Business	9,537	-	9,537
Operation and maintenance	50,659	-	50,659
Pupil transportation	191,401	-	191,401
Capital outlay	-	7,105,214	7,105,214
Total expenditures	<u>508,407</u>	<u>7,111,908</u>	<u>7,620,315</u>
Excess (deficiency) of revenues over expenditures	<u>226,407</u>	<u>(6,994,839)</u>	<u>(6,768,432)</u>
Other financing sources (uses)			
Proceeds from sale of capital assets	165,000	-	165,000
Total other financing sources (uses)	<u>165,000</u>	<u>-</u>	<u>165,000</u>
Net change in fund balances	391,407	(6,994,839)	(6,603,432)
Fund balances, beginning of year	<u>1,370,230</u>	<u>10,661,889</u>	<u>12,032,119</u>
Fund balances, end of year	<u>\$ 1,761,637</u>	<u>\$ 3,667,050</u>	<u>\$ 5,428,687</u>

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

GENERAL FUND				Variance with Final Budget Positive (Negative)
	Budget Amounts			
	Original	Final	Actual	
Revenues				
Taxes	\$ 37,800,000	\$ 38,350,000	\$ 39,079,507	\$ 729,507
Payments in lieu of taxes	1,390,000	1,300,000	1,300,218	218
Tuition and fees	1,025,000	972,000	980,608	8,608
Interest	180,000	255,000	338,461	83,461
Extracurricular	43,000	34,000	35,128	1,128
Intergovernmental	13,759,000	13,928,000	13,916,207	(11,793)
Other	862,000	424,100	473,099	48,999
Total revenues	55,059,000	55,263,100	56,123,228	860,128
Expenditures				
Current				
Instruction				
Regular				
Salaries	16,902,400	16,805,300	16,746,589	58,711
Benefits	6,892,454	7,132,200	6,899,638	232,562
Purchased services	1,698,180	1,675,747	1,456,852	218,895
Materials and supplies	683,507	593,222	297,403	295,819
Capital outlay	14,673	17,168	11,183	5,985
Other	25,950	25,950	24,219	1,731
Total regular	26,217,164	26,249,587	25,435,884	813,703
Special				
Salaries	5,996,500	6,031,900	6,025,804	6,096
Benefits	2,445,250	2,564,000	2,479,379	84,621
Purchased services	698,146	687,143	582,316	104,827
Materials and supplies	3,545	3,544	571	2,973
Total special	9,143,441	9,286,587	9,088,070	198,517
Vocational				
Salaries	269,100	269,100	269,053	47
Benefits	109,733	114,600	110,850	3,750
Purchased services	900	40	40	-
Materials and supplies	12,194	13,060	12,042	1,018
Total vocational	391,927	396,800	391,985	4,815
Other instruction				
Salaries	64,000	64,000	63,388	612
Benefits	26,098	27,000	26,116	884
Purchased services	385,000	426,000	358,896	67,104
Total other instruction	475,098	517,000	448,400	68,600
Total instruction	36,227,630	36,449,974	35,364,339	1,085,635

(CONTINUED)

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

GENERAL FUND (continued)				Variance with Final Budget Positive (Negative)
	Budget Amounts			
	Original	Final	Actual	
Supporting services				
Pupil				
Salaries	3,054,100	2,987,100	2,964,365	22,735
Benefits	1,245,400	1,261,200	1,219,255	41,945
Purchased services	413,577	579,477	529,682	49,795
Materials and supplies	15,300	15,420	14,570	850
Capital outlay	-	8,000	1,127	6,873
Total pupil	4,728,377	4,851,197	4,728,999	122,198
Instructional staff				
Salaries	456,600	530,500	523,002	7,498
Benefits	186,192	221,900	214,451	7,449
Purchased services	86,273	92,770	71,649	21,121
Materials and supplies	96,134	105,041	100,097	4,944
Capital outlay	3,900	2,000	2,000	-
Total instructional staff	829,099	952,211	911,199	41,012
Board of education				
Salaries	20,000	20,000	14,370	5,630
Benefits	8,156	2,400	2,328	72
Purchased services	385,748	432,548	367,903	64,645
Total board of education	413,904	454,948	384,601	70,347
Administration				
Salaries	2,532,500	2,605,800	2,593,623	12,177
Benefits	1,032,702	1,110,500	1,074,123	36,377
Purchased services	100,294	85,822	33,572	52,250
Materials and supplies	30,100	29,650	23,933	5,717
Capital outlay	2,550	2,350	-	2,350
Other	38,500	37,500	31,673	5,827
Total administration	3,736,646	3,871,622	3,756,924	114,698
Fiscal services				
Salaries	481,900	480,600	479,748	852
Benefits	196,509	234,600	227,210	7,390
Purchased services	15,000	19,500	16,778	2,722
Materials and supplies	4,000	4,000	3,203	797
Capital outlay	50,000	40,000	1,494	38,506
Other	725,000	729,000	723,115	5,885
Total fiscal services	1,472,409	1,507,700	1,451,548	56,152
Business				
Salaries	85,300	65,100	64,966	134
Benefits	34,784	27,600	26,603	997
Purchased services	65,990	65,640	45,665	19,975
Total business	186,074	158,340	137,234	21,106

(CONTINUED)

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

GENERAL FUND (continued)				Variance with
	Budget Amounts		Actual	Final Budget Positive (Negative)
	Original	Final		
Operation and maintenance				
Salaries	1,804,700	1,851,300	1,815,326	35,974
Benefits	735,920	782,900	756,837	26,063
Purchased services	929,699	970,698	936,805	33,893
Materials and supplies	125,357	166,111	147,955	18,156
Other	5,300	2,300	-	2,300
Total operation and maintenance	3,600,976	3,773,309	3,656,923	116,386
Pupil transportation				
Salaries	1,172,900	1,237,500	1,234,147	3,353
Benefits	478,285	531,100	512,907	18,193
Purchased services	437,778	438,437	403,642	34,795
Materials and supplies	275,324	280,224	271,513	8,711
Capital outlay	5,000	4,846	4,846	-
Total pupil transportation	2,369,287	2,492,107	2,427,055	65,052
Central services				
Salaries	664,500	685,500	683,340	2,160
Benefits	270,970	334,000	320,533	13,467
Purchased services	476,558	543,172	532,145	11,027
Materials and supplies	54,500	54,850	53,624	1,226
Capital outlay	100,000	100,000	-	100,000
Total central services	1,566,528	1,717,522	1,589,642	127,880
Total supporting services	18,903,300	19,778,956	19,044,125	734,831
Operation of non-instructional				
Food service operation				
Salaries	51,600	51,200	50,114	1,086
Benefits	21,041	21,200	20,521	679
Total food service operation	72,641	72,400	70,635	1,765
Community services				
Purchased services	25,600	25,491	24,625	866
Total community services	25,600	25,491	24,625	866
Total operation of non-instructional	98,241	97,891	95,260	2,631

(CONTINUED)

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

GENERAL FUND (concluded)				Variance with Final Budget Positive (Negative)
	Budget Amounts			
	Original	Final	Actual	
Extracurricular activities				
Academic and subject oriented				
Salaries	297,000	285,400	272,716	12,684
Benefits	121,111	167,900	162,439	5,461
Total academic and subject oriented	418,111	453,300	435,155	18,145
Sports oriented				
Salaries	775,900	760,800	754,796	6,004
Benefits	316,395	269,000	259,902	9,098
Purchased services	50,000	41,818	39,116	2,702
Capital outlay	-	5,700	5,664	36
Other	3,750	3,750	3,750	-
Total sports oriented	1,146,045	1,081,068	1,063,228	17,840
Total extracurricular activities	1,564,156	1,534,368	1,498,383	35,985
Debt service				
Principal	265,000	200,000	200,000	-
Interest and fiscal charges	42,000	34,853	34,853	-
Total debt service	307,000	234,853	234,853	-
Total expenditures	57,100,327	58,096,042	56,236,960	1,859,082
Excess (deficiency) of revenues over expenditures	(2,041,327)	(2,832,942)	(113,732)	2,719,210
Other financing sources (uses)				
Transfers-in	64,700	67,200	67,508	308
Advances-in	620,000	620,000	619,080	(920)
Refund prior year expenditure	-	3,000	3,391	391
Advances-out	(600,000)	(600,000)	(472,027)	127,973
Transfers-out	(100,000)	(125,000)	(125,000)	-
Total other financing sources (uses)	(15,300)	(34,800)	92,952	127,752
Net change in fund balance	(2,056,627)	(2,867,742)	(20,780)	2,846,962
Fund balance, beginning of year	18,212,835	18,212,835	18,212,835	-
Prior year encumbrances appropriated	266,327	266,327	266,327	-
Fund balance, end of year	\$ 16,422,535	\$ 15,611,420	\$ 18,458,382	\$ 2,846,962

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

CLASSROOM FACILITIES FUND				Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Interest	\$ 420,000	\$ 447,000	\$ 472,922	\$ 25,922
Intergovernmental	4,000,000	2,240,541	2,506,607	266,066
Total revenues	4,420,000	2,687,541	2,979,529	291,988
Expenditures				
Current				
Fiscal services				
Purchased services	42,000	29,000	22,373	6,627
Total fiscal services	42,000	29,000	22,373	6,627
Total supporting services	42,000	29,000	22,373	6,627
Capital outlay	47,438,968	49,738,968	48,037,255	1,701,713
Total expenditures	47,480,968	49,767,968	48,059,628	1,708,340
Net change in fund balance	(43,060,968)	(47,080,427)	(45,080,099)	2,000,328
Fund balance, beginning of year	4,046,756	4,046,756	4,046,756	-
Prior year encumbrances appropriated	43,438,968	43,438,968	43,438,968	-
Fund balance, end of year	\$ 4,424,756	\$ 405,297	\$ 2,405,625	\$ 2,000,328

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

FOOD SERVICE FUND				Variance with Final Budget Positive (Negative)
Budget Amounts		Actual		
Original	Final			
Revenues				
Interest	\$ -	\$ 3,200	\$ 3,724	\$ 524
Charges for services	443,184	379,285	385,815	6,530
Intergovernmental	713,232	812,900	813,043	143
Other	59,182	9,300	9,336	36
Total revenues	1,215,598	1,204,685	1,211,918	7,233
Expenditures				
Current				
Operation of non-instructional				
Food service operation				
Salaries	431,770	444,745	421,467	23,278
Benefits	230,119	232,919	200,368	32,551
Purchased services	748,911	754,911	653,654	101,257
Materials and supplies	5,000	5,000	3,427	1,573
Capital outlay	-	6,100	6,032	68
Total food service operation	1,415,800	1,443,675	1,284,948	158,727
Total operation of non-instructional	1,415,800	1,443,675	1,284,948	158,727
Total expenditures	1,415,800	1,443,675	1,284,948	158,727
Excess (deficiency) of revenues over expenditures	(200,202)	(238,990)	(73,030)	165,960
Other financing sources (uses)				
Transfers-in	75,000	100,000	100,000	-
Total other financing sources (uses)	75,000	100,000	100,000	-
Net change in fund balance	(125,202)	(138,990)	26,970	165,960
Fund balance, beginning of year	105,130	105,130	105,130	-
Prior year encumbrances appropriated	61,000	61,000	61,000	-
Fund balance, end of year	\$ 40,928	\$ 27,140	\$ 193,100	\$ 165,960

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

CLASSROOM FACILITIES AND MAINTENANCE

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ -	\$ 386,908	\$ 386,908	\$ -
Total revenues	-	386,908	386,908	-
Net change in fund balance	-	386,908	386,908	-
Fund balance, beginning of year	975,220	975,220	975,220	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance, end of year	<u>\$ 975,220</u>	<u>\$ 1,362,128</u>	<u>\$ 1,362,128</u>	<u>\$ -</u>

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

ATHLETIC FUND				Variance with Final Budget Positive (Negative)
	Budget Amounts			
	Original	Final	Actual	
Revenues				
Extracurricular	\$ 365,500	\$ 243,247	\$ 250,206	\$ 6,959
Total revenues	365,500	243,247	250,206	6,959
Expenditures				
Current				
Extracurricular activities				
Sports oriented				
Purchased services	44,685	45,115	35,558	9,557
Materials and supplies	8,085	9,285	9,166	119
Capital outlay	24,300	24,457	20,355	4,102
Other	330,253	289,613	243,459	46,154
Total sports oriented	407,323	368,470	308,538	59,932
Total extracurricular activities	407,323	368,470	308,538	59,932
Total expenditures	407,323	368,470	308,538	59,932
Excess (deficiency) of revenues over expenditures	(41,823)	(125,223)	(58,332)	66,891
Other financing sources (uses)				
Transfers-in	-	25,000	25,000	-
Total other financing sources (uses)	-	25,000	25,000	-
Net change in fund balance	(41,823)	(100,223)	(33,332)	66,891
Fund balance, beginning of year	156,979	156,979	156,979	-
Prior year encumbrances appropriated	41,388	41,388	41,388	-
Fund balance, end of year	\$ 156,544	\$ 98,144	\$ 165,035	\$ 66,891

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

AUXILIARY SERVICES FUND				Variance with Final Budget Positive (Negative)
	Budget Amounts			
	Original	Final	Actual	
Revenues				
Interest	\$ 25	\$ 825	\$ 825	\$ -
Intergovernmental	152,944	153,928	153,928	-
Total revenues	152,969	154,753	154,753	-
Expenditures				
Current				
Operation of non-instructional				
Community services				
Salaries	61,050	61,050	52,680	8,370
Benefits	11,412	11,427	9,952	1,475
Purchased services	49,015	37,960	37,743	217
Materials and supplies	31,779	27,980	21,306	6,674
Capital outlay	29,924	46,475	46,475	-
Other	6,118	6,190	6,190	-
Total community services	189,298	191,082	174,346	16,736
Total operation of non-instructional	189,298	191,082	174,346	16,736
Total expenditures	189,298	191,082	174,346	16,736
Excess (deficiency) of revenues over expenditures	(36,329)	(36,329)	(19,593)	16,736
Other financing sources (uses)				
Refund prior year receipts	(107)	(107)	(107)	-
Total other financing sources (uses)	(107)	(107)	(107)	-
Net change in fund balance	(36,436)	(36,436)	(19,700)	16,736
Fund balance, beginning of year	9,288	9,288	9,288	-
Prior year encumbrances appropriated	27,148	27,148	27,148	-
Fund balance, end of year	\$ -	\$ -	\$ 16,736	\$ 16,736

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

DATA COMMUNICATIONS FUND				Variance with Final Budget Positive (Negative)
	Budget Amounts			
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ -	\$ 14,400	\$ 14,400	\$ -
Total revenues	-	14,400	14,400	-
Expenditures				
Current				
Supporting services				
Central services				
Purchased services	36,675	51,075	14,400	36,675
Total central services	36,675	51,075	14,400	36,675
Total supporting services	36,675	51,075	14,400	36,675
Total expenditures	36,675	51,075	14,400	36,675
Excess (deficiency) of revenues over expenditures	(36,675)	(36,675)	-	36,675
Net change in fund balance	(36,675)	(36,675)	-	36,675
Fund balance, beginning of year	36,675	36,675	36,675	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 36,675	\$ 36,675

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

ALTERNATIVE EDUCATION FUND				Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Expenditures				
Current				
Instruction				
Regular				
Purchased services	\$ 3,625	\$ -	\$ -	\$ -
Total regular	3,625	-	-	-
Total instruction	3,625	-	-	-
Total expenditures	3,625	-	-	-
Excess (deficiency) of revenues over expenditures	(3,625)	-	-	-
Other financing sources (uses)				
Advances-out	-	(3,625)	(3,625)	-
Total other financing sources (uses)	-	(3,625)	(3,625)	-
Net change in fund balance	(3,625)	(3,625)	(3,625)	-
Fund balance, beginning of year	3,625	3,625	3,625	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

TITLE VI-B FUND				Variance with Final Budget Positive (Negative)
	Budget Amounts			
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 811,375	\$ 1,050,504	\$ 876,090	\$ (174,414)
Total revenues	811,375	1,050,504	876,090	(174,414)
Expenditures				
Current				
Instruction				
Regular				
Capital outlay	6,124	5,000	4,918	82
Total regular	6,124	5,000	4,918	82
Total instruction	6,124	5,000	4,918	82
Supporting services				
Pupil				
Salaries	312,788	318,771	262,964	55,807
Benefits	187,792	187,171	177,798	9,373
Purchased services	365,923	377,693	339,212	38,481
Materials and supplies	33,122	30,745	23,468	7,277
Total pupil	899,625	914,380	803,442	110,938
Instructional staff				
Purchased services	4,000	-	-	-
Total instructional staff	4,000	-	-	-
Pupil transportation				
Purchased services	35,284	25,317	25,317	-
Total pupil transportation	35,284	25,317	25,317	-
Total supporting services	938,909	939,697	828,759	110,938
Operation of non-instructional				
Community services				
Salaries	15,406	15,623	13,185	2,438
Benefits	2,437	2,556	2,228	328
Total community services	17,843	18,179	15,413	2,766
Total operation of non-instructional	17,843	18,179	15,413	2,766
Total expenditures	962,876	962,876	849,090	113,786
Excess (deficiency) of revenues over expenditures	(151,501)	87,628	27,000	(60,628)
Other financing sources (uses)				
Advances-in	-	-	174,414	174,414
Advances-out	-	(239,129)	(239,129)	-
Total other financing sources (uses)	-	(239,129)	(64,715)	174,414
Net change in fund balance	(151,501)	(151,501)	(37,715)	113,786
Fund balance, beginning of year	82,048	82,048	82,048	-
Prior year encumbrances appropriated	69,453	69,453	69,453	-
Fund balance, end of year	\$ -	\$ -	\$ 113,786	\$ 113,786

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

LIMITED ENGLISH PROFICIENCY FUND

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 41,749	\$ 63,575	\$ 43,598	\$ (19,977)
Total revenues	41,749	63,575	43,598	(19,977)
Expenditures				
Current				
Supporting services				
Pupil				
Salaries	45,178	49,799	31,638	18,161
Benefits	6,760	9,380	9,380	-
Total pupil	51,938	59,179	41,018	18,161
Instructional staff				
Purchased services	3,005	2,000	1,322	678
Total instructional staff	3,005	2,000	1,322	678
Total supporting services	54,943	61,179	42,340	18,839
Total expenditures	54,943	61,179	42,340	18,839
Excess (deficiency) of revenues over expenditures	(13,194)	2,396	1,258	(1,138)
Other financing sources (uses)				
Advances-in	-	-	19,977	19,977
Advances-out	-	(15,590)	(15,590)	-
Total other financing sources (uses)	-	(15,590)	4,387	19,977
Net change in fund balance	(13,194)	(13,194)	5,645	18,839
Fund balance, beginning of year	13,194	13,194	13,194	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 18,839	\$ 18,839

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	TITLE FUND			Variance with Final Budget Positive (Negative)
	Budget Amounts			
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 772,036	\$ 1,073,050	\$ 912,553	\$ (160,497)
Total revenues	772,036	1,073,050	912,553	(160,497)
Expenditures				
Current				
Instruction				
Regular				
Salaries	520,567	596,924	538,288	58,636
Benefits	193,696	207,446	191,643	15,803
Materials and supplies	34,261	30,604	29,474	1,130
Total regular	748,524	834,974	759,405	75,569
Total instruction	748,524	834,974	759,405	75,569
Supporting services				
Pupil				
Salaries	131,902	99,967	86,688	13,279
Benefits	56,851	42,468	36,089	6,379
Total pupil	188,753	142,435	122,777	19,658
Instructional staff				
Purchased services	16,015	3,000	1,368	1,632
Materials and supplies	16,552	5,029	5,017	12
Total instructional staff	32,567	8,029	6,385	1,644
Administration				
Salaries	13,882	7,500	342	7,158
Benefits	3,500	1,500	53	1,447
Purchased services	1,500	1,500	-	1,500
Materials and supplies	2,000	1,000	-	1,000
Total administration	20,882	11,500	395	11,105
Total supporting services	242,202	161,964	129,557	32,407
Operation of non-instructional				
Community services				
Salaries	3,026	2,659	2,648	11
Benefits	778	680	448	232
Purchased services	9,867	8,292	4,171	4,121
Total community services	13,671	11,631	7,267	4,364
Total operation of non-instructional	13,671	11,631	7,267	4,364
Total expenditures	1,004,397	1,008,569	896,229	112,340
Excess (deficiency) of revenues over expenditures	(232,361)	64,481	16,324	(48,157)
Other financing sources (uses)				
Advances-in	-	-	160,497	160,497
Advances-out	-	(296,842)	(296,842)	-
Total other financing sources (uses)	-	(296,842)	(136,345)	160,497
Net change in fund balance	(232,361)	(232,361)	(120,021)	112,340
Fund balance, beginning of year	220,058	220,058	220,058	-
Prior year encumbrances appropriated	12,303	12,303	12,303	-
Fund balance, end of year	\$ -	\$ -	\$ 112,340	\$ 112,340

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

PRESCHOOL FUND				Variance with Final Budget Positive (Negative)
	Budget Amounts			
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 18,755	\$ 21,524	\$ 16,444	\$ (5,080)
Total revenues	18,755	21,524	16,444	(5,080)
Expenditures				
Current				
Supporting services				
Pupil				
Salaries	18,575	18,755	15,168	3,587
Benefits	180	-	-	-
Total pupil	18,755	18,755	15,168	3,587
Total supporting services	18,755	18,755	15,168	3,587
Total expenditures	18,755	18,755	15,168	3,587
Excess (deficiency) of revenues over expenditures	-	2,769	1,276	(1,493)
Other financing sources (uses)				
Advances-in	-	-	5,081	5,081
Advances-out	-	(2,769)	(2,769)	-
Total other financing sources (uses)	-	(2,769)	2,312	5,081
Net change in fund balance	-	-	3,588	3,588
Fund balance, beginning of year	-	-	-	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 3,588	\$ 3,588

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

TITLE II-A FUND				Variance with Final Budget Positive (Negative)
	Budget Amounts			
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 133,594	\$ 189,379	\$ 87,689	\$ (101,690)
Total revenues	133,594	189,379	87,689	(101,690)
Expenditures				
Current				
Instruction				
Regular				
Purchased services	134	134	-	134
Total regular	134	134	-	134
Total instruction	134	134	-	134
Supporting services				
Instructional staff				
Salaries	50,489	31,977	31,724	253
Benefits	9,449	5,679	5,606	73
Purchased services	98,934	120,882	90,698	30,184
Materials and supplies	20,104	20,215	2,373	17,842
Total instructional staff	178,976	178,753	130,401	48,352
Total supporting services	178,976	178,753	130,401	48,352
Operation of non-instructional				
Community services				
Purchased services	6,285	6,168	5,770	398
Total community services	6,285	6,168	5,770	398
Total operation of non-instructional	6,285	6,168	5,770	398
Total expenditures	185,395	185,055	136,171	48,884
Excess (deficiency) of revenues over expenditures	(51,801)	4,324	(48,482)	(52,806)
Other financing sources (uses)				
Advances-in	-	-	101,691	101,691
Advances-out	-	(56,125)	(56,125)	-
Total other financing sources (uses)	-	(56,125)	45,566	101,691
Net change in fund balance	(51,801)	(51,801)	(2,916)	48,885
Fund balance, beginning of year	46,228	46,228	46,228	-
Prior year encumbrances appropriated	5,573	5,573	5,573	-
Fund balance, end of year	\$ -	\$ -	\$ 48,885	\$ 48,885

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

MISCELLANEOUS FEDERAL GRANTS FUND

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 18,164	\$ 7,796	\$ (10,368)
Total revenues	-	18,164	7,796	(10,368)
Expenditures				
Current				
Instruction				
Regular				
Salaries	-	2,720	161	2,559
Total regular	-	2,720	161	2,559
Total instruction	-	2,720	161	2,559
Supporting services				
Pupil				
Purchased services	-	5,655	5,000	655
Total pupil	-	5,655	5,000	655
Instructional staff				
Purchased services	-	9,789	8,500	1,289
Total instructional staff	-	9,789	8,500	1,289
Total supporting services	-	15,444	13,500	1,944
Operation of non-instructional				
Food service operation				
Capital outlay	252	252	252	-
Total food service operation	252	252	252	-
Total operation of non-instructional	252	252	252	-
Total expenditures	252	18,416	13,913	4,503
Excess (deficiency) of revenues over expenditures	(252)	(252)	(6,117)	(5,865)
Other financing sources (uses)				
Advances-in	-	-	10,368	10,368
Total other financing sources (uses)	-	-	10,368	10,368
Net change in fund balance	(252)	(252)	4,251	4,503
Fund balance, beginning of year	252	252	252	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 4,503	\$ 4,503

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

MISCELLANEOUS LOCAL PROJECTS FUND

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
Total revenues	4,500	4,500	4,500	-
Expenditures				
Current				
Extracurricular activities				
Academic and subject oriented				
Other	5,250	8,250	3,000	5,250
Total academic and subject oriented	5,250	8,250	3,000	5,250
Total extracurricular activities	5,250	8,250	3,000	5,250
Total expenditures	5,250	8,250	3,000	5,250
Excess (deficiency) of revenues over expenditures	(750)	(3,750)	1,500	5,250
Net change in fund balance	(750)	(3,750)	1,500	5,250
Fund balance, beginning of year	5,250	5,250	5,250	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance, end of year	\$ 4,500	\$ 1,500	\$ 6,750	\$ 5,250

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	ROTARY FUND		Actual	Variance with Final Budget Positive (Negative)
	Budget Amounts			
	Original	Final		
Revenues				
Charges for services	\$ 2,000	\$ 2,175	\$ 2,175	\$ -
Total revenues	2,000	2,175	2,175	-
Excess (deficiency) of revenues over expenditures	2,000	2,175	2,175	-
Other financing sources (uses)				
Transfers-out	(59,035)	(61,210)	(61,210)	-
Total other financing sources (uses)	(59,035)	(61,210)	(61,210)	-
Net change in fund balance	(57,035)	(59,035)	(59,035)	-
Fund balance, beginning of year	59,035	59,035	59,035	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance, end of year	\$ 2,000	\$ -	\$ -	\$ -

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

PUBLIC SUPPORT SERVICES FUND				Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Extracurricular	\$ 89,035	\$ 79,939	\$ 80,432	\$ 493
Donations and contributions	8,100	19,644	20,017	373
Other	66,150	45,820	46,153	333
Total revenues	163,285	145,403	146,602	1,199
Expenditures				
Current				
Instruction				
Regular				
Purchased services	28,150	31,040	26,479	4,561
Materials and supplies	44,178	49,003	40,696	8,307
Capital outlay	3,100	4,200	1,981	2,219
Other	109,700	98,816	71,175	27,641
Total regular	185,128	183,059	140,331	42,728
Total instruction	185,128	183,059	140,331	42,728
Supporting services				
Pupil				
Purchased services	9,500	9,500	9,500	-
Materials and supplies	2,000	1,237	1,237	-
Capital outlay	8,375	14,101	14,101	-
Other	61,507	57,251	57,231	20
Total pupil	81,382	82,089	82,069	20
Administration				
Materials and supplies	1,000	1,500	600	900
Total administration	1,000	1,500	600	900
Total supporting services	82,382	83,589	82,669	920
Total expenditures	267,510	266,648	223,000	43,648
Net change in fund balance	(104,225)	(121,245)	(76,398)	44,847
Fund balance, beginning of year	430,839	430,839	430,839	-
Prior year encumbrances appropriated	9,652	9,652	9,652	-
Fund balance, end of year	\$ 336,266	\$ 319,246	\$ 364,093	\$ 44,847

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

OTHER GRANTS FUND				Variance with Final Budget Positive (Negative)
	Budget Amounts			
	Original	Final	Actual	
Revenues				
Charges for services	\$ 4,600	\$ -	\$ -	\$ -
Intergovernmental	-	7,580	8,316	736
Other	8,950	243,400	243,979	579
Total revenues	13,550	250,980	252,295	1,315
Expenditures				
Current				
Instruction				
Regular				
Purchased services	1,735	-	-	-
Materials and supplies	7,305	7,305	2,698	4,607
Capital outlay	5,071	5,071	4,118	953
Other	9,950	9,950	5,848	4,102
Total regular	24,061	22,326	12,664	9,662
Total instruction	24,061	22,326	12,664	9,662
Supporting services				
Pupil				
Materials and supplies	267	267	267	-
Total pupil	267	267	267	-
Instructional staff				
Purchased services	4,500	2,200	162	2,038
Materials and supplies	500	500	-	500
Total instructional staff	5,000	2,700	162	2,538
Central services				
Purchased services	-	15,000	12,735	2,265
Total central services	-	15,000	12,735	2,265
Total supporting services	5,267	17,967	13,164	4,803
Total expenditures	29,328	40,293	25,828	14,465
Excess (deficiency) of revenues over expenditures	(15,778)	210,687	226,467	15,780
Other financing sources (uses)				
Advances-out	-	(5,000)	(5,000)	-
Transfers-out	-	(6,298)	(6,298)	-
Total other financing sources (uses)	-	(11,298)	(11,298)	-
Net change in fund balance	(15,778)	199,389	215,169	15,780
Fund balance, beginning of year	25,665	25,665	25,665	-
Prior year encumbrances appropriated	2,732	2,732	2,732	-
Fund balance, end of year	\$ 12,619	\$ 227,786	\$ 243,566	\$ 15,780

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

DEBT SERVICE FUND				Variance with Final Budget Positive (Negative)
	Budget Amounts			
	Original	Final	Actual	
Revenues				
Taxes	\$ 4,100,000	\$ 4,100,000	\$ 4,263,215	\$ 163,215
Payments in lieu of taxes	-	1,532	1,532	-
Intergovernmental	131,000	131,000	131,441	441
Total revenues	4,231,000	4,232,532	4,396,188	163,656
Expenditures				
Debt service				
Principal	1,390,000	1,455,000	1,455,000	-
Interest and fiscal charges	3,247,850	2,828,690	2,828,690	-
Total debt service	4,637,850	4,283,690	4,283,690	-
Total expenditures	4,637,850	4,283,690	4,283,690	-
Excess (deficiency) of revenues over expenditures	(406,850)	(51,158)	112,498	163,656
Net change in fund balance	(406,850)	(51,158)	112,498	163,656
Fund balance, beginning of year	-	-	-	-
Prior year encumbrances appropriated	2,295,509	2,295,509	2,295,509	-
Fund balance, end of year	\$ 1,888,659	\$ 2,244,351	\$ 2,408,007	\$ 163,656

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

PERMANENT IMPROVEMENTS FUND				Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Taxes	\$ 622,000	\$ 622,000	\$ 646,748	\$ 24,748
Interest	8,000	11,000	16,001	5,001
Intergovernmental	252,027	252,027	251,813	(214)
Total revenues	<u>882,027</u>	<u>885,027</u>	<u>914,562</u>	<u>29,535</u>
Expenditures				
Capital outlay	1,182,905	1,182,905	939,500	243,405
Total expenditures	<u>1,182,905</u>	<u>1,182,905</u>	<u>939,500</u>	<u>243,405</u>
Excess (deficiency) of revenues over expenditures	<u>(300,878)</u>	<u>(297,878)</u>	<u>(24,938)</u>	<u>243,405</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	165,000	165,000	-
Total other financing sources (uses)	<u>-</u>	<u>165,000</u>	<u>165,000</u>	<u>-</u>
Net change in fund balance	(300,878)	(132,878)	140,062	272,940
Fund balance, beginning of year	1,029,238	1,029,238	1,029,238	-
Prior year encumbrances appropriated	<u>157,905</u>	<u>157,905</u>	<u>157,905</u>	<u>-</u>
Fund balance, end of year	<u>\$ 886,265</u>	<u>\$ 1,054,265</u>	<u>\$ 1,327,205</u>	<u>\$ 272,940</u>

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	BUILDING FUND			Variance with Final Budget Positive (Negative)
	Budget Amounts			
	Original	Final	Actual	
Revenues				
Interest	\$ 90,000	\$ 107,000	\$ 117,069	\$ 10,069
Total revenues	90,000	107,000	117,069	10,069
Expenditures				
Current				
Supporting services				
Fiscal services				
Purchased services	9,500	9,700	6,694	3,006
Total fiscal services	9,500	9,700	6,694	3,006
Operation and maintenance				
Purchased services	-	40,000	5,691	34,309
Total operation and maintenance	-	40,000	5,691	34,309
Total supporting services	9,500	49,700	12,385	37,315
Capital outlay	9,263,539	10,562,660	9,531,548	1,031,112
Total expenditures	9,273,039	10,612,360	9,543,933	1,068,427
Excess (deficiency) of revenues over expenditures	(9,183,039)	(10,505,360)	(9,426,864)	1,078,496
Net change in fund balance	(9,183,039)	(10,505,360)	(9,426,864)	1,078,496
Fund balance, beginning of year	5,272,856	5,272,856	5,272,856	-
Prior year encumbrances appropriated	5,400,539	5,400,539	5,400,539	-
Fund balance, end of year	\$ 1,490,356	\$ 168,035	\$ 1,246,531	\$ 1,078,496

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	SELF INSURANCE FUND			Variance with Final Budget Positive (Negative)
	Budget Amounts			
	Original	Final	Actual	
Revenues				
Charges for services	\$ 8,775,000	\$ 9,109,000	\$ 9,168,202	\$ 59,202
Total revenues	8,775,000	9,109,000	9,168,202	59,202
Expenditures				
Claims	8,387,236	9,599,236	9,179,098	420,138
Total expenditures	8,387,236	9,599,236	9,179,098	420,138
Excess (deficiency) of revenues over expenditures	387,764	(490,236)	(10,896)	479,340
Net change in fund balance	387,764	(490,236)	(10,896)	479,340
Fund balance, beginning of year	1,787,236	1,787,236	1,787,236	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance, end of year	\$ 2,175,000	\$ 1,297,000	\$ 1,776,340	\$ 479,340

AGENCY FUND DESCRIPTION

Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations.

Student Managed Activities - This fund accounts for student activity programs which have student participation in the activity and have students involved in the management of the program.

NORTH OLMSTED CITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Student Activities Fund		
	Beginning Balance June 30, 2017	Additions	Ending Balance June 30, 2018
Assets			
Equity in pooled cash and equivalents	\$ 128,467	\$ 128,702	\$ 145,487
Total assets	<u>\$ 128,467</u>	<u>\$ 128,702</u>	<u>\$ 145,487</u>
Liabilities			
Accounts payable	\$ 2,415	\$ 1,544	\$ 2,415
Due to students	126,052	127,158	143,072
Total liabilities	<u>\$ 128,467</u>	<u>\$ 128,702</u>	<u>\$ 145,487</u>

STATISTICAL SECTION

This part of the North Olmsted City School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	S 1
Revenue Capacity These schedules contain information to help the reader assess the affordability of the District's most significant local revenue source, the property tax.	S 11
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	S 25
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	S 30
Operating Information These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	S 33

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

NORTH OLMSTED CITY SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2018	2017 (2)	2016	2015
Governmental activities				
Net investment in capital assets	\$ 27,407,123	\$ 17,697,879	\$ 10,438,753	\$ 11,996,135
Restricted	5,784,897	6,312,558	7,780,083	4,643,524
Unrestricted	(68,558,327)	(94,492,918)	(62,576,156)	(68,069,720)
Total primary government net position	<u>\$ (35,366,307)</u>	<u>\$ (70,482,481)</u>	<u>\$ (44,357,320)</u>	<u>\$ (51,430,061)</u>

Source: School District financial records.

(1) Restated for the implementation of GASB no. 68.

(2) Restated for the implementation of GASB no. 75

<u>2014 (1)</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 11,972,672	\$ 11,336,986	\$ 14,006,222	\$ 11,286,155	\$ 11,913,734	\$ 12,232,584
3,045,558	2,296,182	2,102,588	2,982,814	3,494,251	2,436,491
(64,735,562)	20,604,820	14,899,100	12,665,878	6,494,989	8,538,683
<u>\$ (49,717,332)</u>	<u>\$ 34,237,988</u>	<u>\$ 31,007,910</u>	<u>\$ 26,934,847</u>	<u>\$ 21,902,974</u>	<u>\$ 23,207,758</u>

NORTH OLMSTED CITY SCHOOL DISTRICT
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2018	2017	2016	2015
Expenses				
Governmental activities:				
Instruction				
Regular	\$ 7,822,787	\$ 28,144,081	\$ 27,158,690	\$ 24,650,446
Special	3,643,394	9,536,532	8,799,360	7,616,573
Vocational	132,652	425,760	380,299	349,783
Adult/continuing	-	-	-	-
Other instruction	391,615	438,239	370,472	291,188
Supporting services				
Pupil	2,937,991	5,927,514	5,324,218	5,259,051
Instructional staff	711,015	1,123,761	1,067,271	1,092,769
Board of education	373,666	306,919	399,128	339,861
Administration	2,709,502	5,119,468	4,838,034	4,350,915
Fiscal services	1,416,881	1,455,330	1,499,411	1,307,393
Business	125,576	200,508	186,101	208,134
Operation and maintenance	3,290,671	5,281,063	6,531,521	4,232,445
Pupil transportation	2,303,018	2,461,685	2,775,744	2,227,350
Central services	1,461,453	1,508,474	1,585,301	1,499,463
Operation of non-instructional				
Food service operation	1,288,269	1,501,344	1,671,826	1,616,164
Community services	156,853	252,276	188,730	205,356
Extracurricular activities	1,026,993	1,832,967	1,791,145	1,675,700
Interest	2,921,802	2,616,904	3,604,788	1,444,138
Total primary government expenses	<u>32,714,138</u>	<u>68,132,825</u>	<u>68,172,039</u>	<u>58,366,729</u>
Program revenues				
Governmental activities:				
Charges for services and sales				
Instruction	1,722,382	1,816,802	456,113	937,007
Supporting services	194,638	162,087	209,911	410,718
Food service	395,151	412,451	449,799	575,193
Community services	17,189	-	-	-
Extracurricular activities	285,334	243,708	293,281	315,365
Operating grants, interest and contributions	2,858,277	2,728,393	2,729,075	2,852,264
Capital grants and contributions	2,741,797	4,507,468	1,726,623	16,200
Total primary government program revenues	<u>8,214,768</u>	<u>9,870,909</u>	<u>5,864,802</u>	<u>5,106,747</u>
Net (expense) revenue				
Total primary government net expense	<u>\$ (24,499,370)</u>	<u>\$ (58,261,916)</u>	<u>\$ (62,307,237)</u>	<u>\$ (53,259,982)</u>

Source: School District financial records.

The decrease in expenses in 2018 is due to net negative expense of \$26,897,252 related to the effects of GASB 68 and GASB 75.

2014	2013	2012	2011	2010	2009
\$ 26,051,597	\$ 24,393,010	\$ 23,574,519	\$ 24,042,334	\$ 24,376,479	\$ 23,652,717
7,847,660	7,774,419	7,531,026	7,489,653	7,480,054	7,123,538
401,691	480,906	455,688	438,325	494,788	417,734
-	-	-	-	22,162	8,101
224,964	285,472	270,050	293,115	345,290	334,122
5,458,960	4,640,930	4,573,570	5,151,519	5,004,703	4,411,393
1,128,566	1,020,238	796,246	1,105,115	1,490,183	1,332,384
280,277	377,032	293,275	185,639	300,183	248,137
4,238,024	3,879,955	3,972,066	3,572,252	3,819,462	4,075,728
1,362,183	1,224,013	1,241,610	1,308,372	1,167,420	1,082,243
209,389	212,455	181,661	138,213	141,522	141,211
4,349,599	4,288,849	3,727,099	4,703,686	4,610,770	4,906,171
2,683,649	2,487,445	2,482,610	2,105,930	2,384,724	2,451,920
1,414,700	1,152,590	1,107,753	1,238,121	852,905	1,243,114
1,686,162	1,637,811	1,704,023	1,602,903	1,544,266	1,520,884
183,482	282,029	398,808	390,432	442,191	449,194
1,515,518	1,532,448	1,494,547	1,575,353	1,482,207	1,663,067
178,622	28,218	12,317	15,575	19,565	22,413
59,215,043	55,697,820	53,816,868	55,356,537	55,978,874	55,084,071
714,206	872,606	961,921	689,547	1,125,655	1,075,433
84,125	260,560	27,656	32,155	147,889	138,297
581,522	586,943	614,831	633,756	677,881	713,708
287,008	274,115	286,721	509,154	221,410	269,712
2,777,684	3,139,788	3,281,807	3,896,102	3,546,598	2,796,237
16,200	-	-	-	-	50,207
4,460,745	5,134,012	5,172,936	5,760,714	5,719,433	5,043,594
\$ (54,754,298)	\$ (50,563,808)	\$ (48,643,932)	\$ (49,595,823)	\$ (50,259,441)	\$ (50,040,477)

NORTH OLMSTED CITY SCHOOL DISTRICT
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2018	2017	2016	2015
Net (expense) revenue				
Total primary government net expense	\$ (24,499,370)	\$ (58,261,916)	\$ (62,307,237)	\$ (53,259,982)
General revenues and other				
changes in net assets				
Governmental activities:				
Property taxes levied for:				
General purposes	38,368,385	33,601,251	46,483,789	33,359,481
Debt service	4,074,288	3,566,666	4,986,986	2,710,223
Capital improvements	977,935	868,534	1,237,922	863,932
Payments in lieu of taxes	603,170	279,142	1,751,712	-
Grants and entitlements not				
restricted to specific purposes	14,083,894	14,117,179	14,264,543	14,381,637
Investment earnings	949,002	863,808	597,240	48,469
Miscellaneous	558,870	205,987	57,786	183,511
Total primary government	<u>59,615,544</u>	<u>53,502,567</u>	<u>69,379,978</u>	<u>51,547,253</u>
Change in net position				
Total primary government	<u>\$ 35,116,174</u>	<u>\$ (4,759,349)</u>	<u>\$ 7,072,741</u>	<u>\$ (1,712,729)</u>

Source: School District financial records.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>\$ (54,754,298)</u>	<u>\$ (50,563,808)</u>	<u>\$ (48,643,932)</u>	<u>\$ (49,595,823)</u>	<u>\$ (50,259,441)</u>	<u>\$ (50,040,477)</u>
41,065,651	38,849,652	37,170,611	37,907,103	33,277,659	34,242,328
-	-	-	-	-	-
1,040,539	985,522	912,782	1,106,283	848,655	979,869
-	-	-	-	-	-
13,417,197	13,332,467	14,159,410	14,919,942	14,466,220	11,918,198
37,478	35,853	11,605	25,058	52,289	308,210
649,250	590,392	462,587	669,310	309,834	276,246
<u>56,210,115</u>	<u>53,793,886</u>	<u>52,716,995</u>	<u>54,627,696</u>	<u>48,954,657</u>	<u>47,724,851</u>
<u>\$ 1,455,817</u>	<u>\$ 3,230,078</u>	<u>\$ 4,073,063</u>	<u>\$ 5,031,873</u>	<u>\$ (1,304,784)</u>	<u>\$ (2,315,626)</u>

NORTH OLMSTED CITY SCHOOL DISTRICT
FUND BALANCES – GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2018	2017	2016	2015
General Fund				
Nonspendable	\$ 94,814	\$ 119,193	\$ -	\$ -
Restricted	-	-	30,257	-
Committed	487,073	487,073	1,951,073	1,951,073
Assigned	1,068,395	510,509	2,289,888	2,297,515
Unassigned	16,160,758	18,218,941	21,298,192	12,829,031
Total General Fund	<u>\$ 17,811,040</u>	<u>\$ 19,335,716</u>	<u>\$ 25,569,410</u>	<u>\$ 17,077,619</u>
Other governmental funds				
Nonspendable	\$ 12,203	\$ 36,882	\$ 23,222	\$ 23,518
Restricted	20,812,315	63,730,389	85,339,689	90,877,061
Unassigned	(282,801)	(344,641)	(270,282)	(271,010)
Total other governmental funds	<u>\$ 20,541,717</u>	<u>\$ 63,422,630</u>	<u>\$ 85,092,629</u>	<u>\$ 90,629,569</u>

Source: School District financial records.

The District implemented GASB Statement No. 54 in 2011.

Pre-GASB 34 balances are presented on S-9.

2014	2013	2012	2011	2010
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
1,735,073	1,519,073	1,303,073	1,923,073	1,462,073
2,100,418	1,006,641	2,946,806	1,432,293	1,109,701
19,067,606	18,667,203	11,280,122	9,896,199	5,160,235
<u>\$ 22,903,097</u>	<u>\$ 21,192,917</u>	<u>\$ 15,530,001</u>	<u>13,251,565</u>	<u>\$ 7,732,009</u>

\$ 27,527	\$ 28,923	\$ 29,671	\$ 46,105	\$ 31,353
1,721,020	2,064,303	1,852,125	2,679,354	2,118,102
(255,598)	(275,014)	(557,661)	(620,492)	(309,340)
<u>\$ 1,492,949</u>	<u>\$ 1,818,212</u>	<u>\$ 1,324,135</u>	<u>\$ 2,104,967</u>	<u>\$ 1,840,115</u>

NORTH OLMSTED CITY SCHOOL DISTRICT
FUND BALANCES – GOVERNMENTAL FUNDS
PRIOR TENTH FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2009</u>
General Fund	
Reserved	\$ 5,108,651
Unreserved	<u>3,937,797</u>
Total General Fund	<u><u>\$ 9,046,448</u></u>
Other governmental funds	
Reserved	\$ 299,079
Unreserved, reported in	
Special Revenue Funds	458,148
Debt Service Fund	52,637
Capital Projects Fund	<u>1,375,561</u>
Total other governmental funds	<u><u>\$ 2,185,425</u></u>

Source: School District financial records.

The District implemented GASB Statement No. 54 in 2011.
GASB 54 fund balances are presented on S-7.

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NORTH OLMSTED CITY SCHOOL DISTRICT
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Taxes	\$ 43,420,508	\$ 38,075,351	\$ 52,759,797	\$ 37,302,336
Payment in lieu of taxes	603,170	279,142	1,751,712	-
Tuition and fees	980,608	847,874	371,636	943,733
Interest	949,002	863,808	597,240	48,469
Intergovernmental	19,642,760	21,353,040	18,720,241	17,250,101
Charges for services	387,990	403,697	457,447	525,482
Extracurricular	365,766	371,122	375,773	429,155
Donations and contributions (1)	42,706	-	-	-
Other	<u>1,036,039</u>	<u>1,220,997</u>	<u>259,379</u>	<u>523,424</u>
Total	<u><u>\$ 67,428,549</u></u>	<u><u>\$ 63,415,031</u></u>	<u><u>\$ 75,293,225</u></u>	<u><u>\$ 57,022,700</u></u>

(1) Donations and contributions previously included in Other.

Source: School District Financial Records, Total Governmental Funds.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 42,106,190	\$ 39,760,574	\$ 38,371,093	\$ 39,188,686	\$ 33,554,392	\$ 35,459,539
-	-	-	-	-	-
649,801	827,990	762,957	876,716	732,161	690,452
37,478	35,853	11,605	25,058	52,289	308,210
16,276,025	16,484,226	17,420,229	18,760,117	18,012,818	16,163,121
563,109	599,189	632,549	655,393	723,844	760,376
396,976	350,963	355,735	399,833	380,845	414,674
-	-	-	-	-	-
<u>706,225</u>	<u>806,474</u>	<u>602,474</u>	<u>601,980</u>	<u>693,981</u>	<u>621,315</u>
<u><u>\$ 60,735,804</u></u>	<u><u>\$ 58,865,269</u></u>	<u><u>\$ 58,156,642</u></u>	<u><u>\$ 60,507,783</u></u>	<u><u>\$ 54,150,330</u></u>	<u><u>\$ 54,417,687</u></u>

NORTH OLMSTED CITY SCHOOL DISTRICT
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2018	2017	2016	2015
Expenditures				
Instruction	\$ 36,811,996	\$ 36,451,990	\$ 34,853,257	\$ 35,448,987
Pupil supporting services	5,661,682	5,665,729	5,162,786	5,705,280
Instructional support	1,020,617	1,056,003	1,013,723	1,053,912
Board of education and administration	4,116,653	4,047,824	4,010,328	3,911,675
Fiscal and business services	1,657,811	1,685,164	1,650,601	1,558,243
Operation and maintenance	3,667,456	3,923,309	4,052,860	4,606,501
Pupil transportation	2,629,126	2,239,255	3,106,648	2,178,693
Central and community services	1,929,446	1,724,674	1,685,876	1,863,945
Food service operation	1,394,104	1,453,319	1,658,649	1,635,458
Extracurricular activities	1,844,568	1,737,607	1,743,371	1,814,642
Capital outlay (1)	46,721,364	24,128,631	5,416,552	109,875
Debt service				
Principal	1,680,965	3,885,175	3,956,407	356,719
Interest	3,206,563	3,320,044	4,027,316	625,670
Total expenditures	<u>\$ 112,342,351</u>	<u>\$ 91,318,724</u>	<u>\$ 72,338,374</u>	<u>\$ 60,869,600</u>
Debt service as a percentage of noncapital expenditures	<u>7.54%</u>	<u>10.72%</u>	<u>11.67%</u>	<u>1.65%</u>

Source: School District Financial Records, Total Governmental Funds.

(1) Construction on a new middle/high school complex began in 2016.

2014	2013	2012	2011	2010	2009
\$ 34,344,971	\$ 32,777,011	\$ 32,022,732	\$ 32,360,007	\$ 32,710,592	\$ 31,963,493
5,482,434	4,691,310	4,648,260	5,261,245	5,025,884	4,457,730
1,182,989	1,000,946	775,360	1,101,512	1,469,968	1,300,195
3,724,689	3,524,501	3,645,632	2,918,878	3,608,866	3,788,962
1,515,944	1,467,218	1,426,695	1,439,166	1,306,900	1,259,017
4,972,457	5,530,590	6,830,343	4,745,581	4,706,956	4,851,480
2,555,361	2,339,691	2,542,036	1,908,824	2,352,362	2,438,239
1,622,719	1,438,772	1,504,626	1,639,852	1,434,101	1,597,441
1,674,344	1,618,632	1,684,980	1,587,422	1,560,668	1,505,358
1,519,769	1,540,787	1,480,777	1,559,993	1,537,321	1,678,945
216,488	-	-	-	-	83,643
345,000	85,000	85,000	85,000	85,000	85,000
193,722	8,818	12,597	15,895	19,465	23,013
<u>\$ 59,350,887</u>	<u>\$ 56,023,276</u>	<u>\$ 56,659,038</u>	<u>\$ 54,623,375</u>	<u>\$ 55,818,083</u>	<u>\$ 55,032,516</u>
<u>0.96%</u>	<u>0.17%</u>	<u>0.17%</u>	<u>0.19%</u>	<u>0.19%</u>	<u>0.20%</u>

NORTH OLMSTED CITY SCHOOL DISTRICT
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2018	2017	2016	2015
Excess of revenues over (under) expenditures	<u>\$ (44,913,802)</u>	<u>\$ (27,903,693)</u>	<u>\$ 2,954,851</u>	<u>\$ (3,846,900)</u>
Other financing sources (uses)				
Proceeds from debt refunding	48,273,668	-	-	-
Bond issuance	-	-	-	80,577,000
Premium on debt issue	7,829,925	-	-	6,454,725
Note issuance	-	-	-	-
Payment to escrow agent	(55,760,380)	-	-	-
Proceeds from sale of capital assets	165,000	-	-	-
Transfers-in	125,000	250,000	151,186	150,000
Capital lease	-	-	-	126,317
Transfers-out	(125,000)	(250,000)	(151,186)	(150,000)
Total other financing sources (uses)	<u>508,213</u>	<u>-</u>	<u>-</u>	<u>87,158,042</u>
Net change in fund balances	<u>\$ (44,405,589)</u>	<u>\$ (27,903,693)</u>	<u>\$ 2,954,851</u>	<u>\$ 83,311,142</u>

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>\$ 1,384,917</u>	<u>\$ 1,497,604</u>	<u>\$ 5,884,408</u>	<u>\$ (1,667,753)</u>	<u>\$ (614,829)</u>	<u>\$ 1,906,137</u>
-	-	-	-	-	-
-	3,315,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
233,000	308,713	140,208	233,000	948,000	260,000
-	-	-	-	-	-
(233,000)	(308,713)	(140,208)	(333,000)	(948,000)	(360,000)
<u>-</u>	<u>3,315,000</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
<u>\$ 1,384,917</u>	<u>\$ 4,812,604</u>	<u>\$ 5,884,408</u>	<u>\$ (1,767,753)</u>	<u>\$ (614,829)</u>	<u>\$ 1,806,137</u>

NORTH OLMSTED CITY SCHOOL DISTRICT
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Year	Real Property		Public Utility Property		Tangible Personal Property (3)	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value
2018	\$ 762,765,460	\$ 2,179,329,886	\$ 18,534,750	\$ 21,062,216	\$ -	\$ -
2017	760,841,640	2,173,833,257	16,756,660	19,041,659	-	-
2016	762,548,150	2,178,709,000	15,858,060	18,020,523	-	-
2015	762,019,140	2,177,197,543	15,583,130	17,708,102	-	-
2014	765,833,660	2,188,096,171	15,046,850	17,098,693	-	-
2013	767,170,580	2,191,915,943	13,514,210	15,357,057	-	-
2012	809,845,510	2,313,844,314	12,548,990	14,260,216	-	-
2011	817,931,363	2,336,946,751	11,747,340	13,349,250	-	-
2010	818,482,949	2,338,522,711	11,432,430	12,991,398	-	-
2009	811,531,253	2,318,660,723	11,624,510	13,209,670	7,756,600	124,105,600

Source: Cuyahoga County Fiscal Officer - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the Cuyahoga County Fiscal Officer.

- (1) This amount is calculated based upon an assessed value of 35 percent of actual value.
- (2) This amount is calculated based upon the current assessed value of 88 percent of actual value.
- (3) General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009 and 2010.

Assessed Value	Total	Assessed Value Ratio	Total Direct Tax Rate
	Estimated Actual Value		
\$ 781,300,210	\$ 2,200,392,102	35.5%	96.9
777,598,300	2,192,874,916	35.5%	96.9
778,406,210	2,196,729,523	35.4%	96.9
777,602,270	2,194,905,645	35.4%	96.9
780,880,510	2,205,194,864	35.4%	96.9
780,684,790	2,207,273,000	35.4%	91.4
822,394,500	2,328,104,530	35.3%	91.4
829,678,703	2,350,296,001	35.3%	91.4
829,915,379	2,351,514,109	35.3%	91.4
830,912,363	2,455,975,993	33.8%	83.5

NORTH OLMSTED CITY SCHOOL DISTRICT
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$ 1,000 ASSESSED VALUATION)
LAST TEN CALENDAR YEARS

Year	School District				County	Vocational School	City	Total Direct and Overlapping Governments
	General	Improvements	Bond Retirement	Total Direct Tax Rate				
2017	89.50	1.95	5.45	96.90	23.93	3.09	13.30	137.22
2016	89.50	1.95	5.45	96.90	23.43	3.09	13.30	136.72
2015	89.50	1.95	5.45	96.90	23.43	2.40	13.30	136.03
2014	89.50	1.95	5.45	96.90	23.43	2.40	13.30	136.03
2013	89.50	1.90	0.00	91.40	22.53	2.40	13.30	129.63
2012	89.50	1.90	0.00	91.40	20.80	2.40	13.30	127.90
2011	89.50	1.90	0.00	91.40	20.80	2.40	13.30	127.90
2010	89.50	1.90	0.00	91.40	20.90	2.40	13.30	128.00
2009	81.60	1.90	0.00	83.50	20.60	2.40	13.30	119.80
2008	81.60	1.90	0.00	83.50	20.60	2.40	13.20	119.70

Source: Cuyahoga County Fiscal Officer - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the Cuyahoga county Fiscal Officer.

NORTH OLMSTED CITY SCHOOL DISTRICT
PRINCIPAL TAXPAYERS
REAL ESTATE TAX
AS OF DECEMBER 31, 2017 AND DECEMBER 31, 2008

December 31, 2017		
Name of Taxpayer	Assessed Value	Percent of Total Assessed Value
Star-West Great Northern Mall LLC	\$ 36,988,690	4.73%
BRE DDR Great Northern LLC	21,480,820	2.75%
PWA Great Northern Corporation	8,394,760	1.07%
B & G Properties LTD Partnership	6,253,290	0.80%
DDR MDT Great Northern LLC	5,819,210	0.74%
JVM Butternut Ridge Apartments, LLC	5,763,980	0.74%
GGFI North Olmsted LLC	4,720,390	0.60%
Moen, Inc.	4,685,770	0.60%
Water Tower Square Limited	4,146,530	0.53%
WAL-Mart	3,676,440	0.47%
	<u>\$ 101,929,880</u>	13.03%
Total Value in the District	<u>\$ 781,300,210</u>	

December 31, 2008		
Name of Taxpayer	Assessed Value	Percent of Total Assessed Value
Great Northern Partnership	\$ 26,344,050	2.94%
DDR MDT Great Northern, LTD	22,838,790	2.54%
Duke Realty Corporation	7,445,620	0.83%
B & G Properties LTD	5,855,170	0.65%
Butternut Ridge Apartments, LLC	5,751,200	0.64%
WEA Great Northern Mall LLC	5,147,670	0.57%
Water Tower Square LTD	4,638,730	0.52%
Wal Mart	4,607,790	0.51%
Higbee Company	4,607,790	0.51%
Target	3,319,830	0.37%
	<u>\$ 90,556,640</u>	10.08%
Total Value in the District	<u>\$ 830,912,363</u>	

Source: Cuyahoga County Fiscal Officer - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the Cuyahoga County Fiscal Officer.

NORTH OLMSTED CITY SCHOOL DISTRICT
PRINCIPAL TAXPAYERS
PUBLIC UTILITY TAX
AS OF DECEMBER 31, 2017 AND DECEMBER 31, 2008

December 31, 2017		
Name of Taxpayer	Assessed Value	Percent of Total Assessed Value
Cleveland Electric Illuminating Co	\$ 13,944,970	1.78%
American Transmission System	3,254,810	0.42%
East Ohio Gas Company	1,309,990	0.17%
	<u>\$ 18,509,770</u>	<u>2.37%</u>
Total Value in the District	<u>\$ 781,300,210</u>	

December 31, 2008		
Name of Taxpayer	Assessed Value	Percent of Total Assessed Value
Cleveland Illuminating Company	\$ 8,422,120	0.94%
East Ohio Gas Company	870,760	0.10%
American Transmission System	746,600	0.08%
Columbia Gas Transmission Corporation	47,370	0.01%
Columbia Gas of Ohio, Inc.	410	0.00%
	<u>\$ 10,087,260</u>	<u>1.13%</u>
Total Value in the District	<u>\$ 830,912,363</u>	

Source: Cuyahoga County Fiscal Officer - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the Cuyahoga County Fiscal Officer.

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NORTH OLMSTED CITY SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN FISCAL YEARS

<u>Collection Year (2)</u>	<u>Current Taxes Levy</u>	<u>Delinquent Taxes Levy</u>	<u>Total Taxes Levy</u>	<u>Current Tax Collections</u>
2017	\$ 49,023,668	\$ 1,392,952	\$ 50,416,620	\$ 48,211,695
2016	50,049,627	1,410,222	51,459,849	48,115,297
2015	48,534,489	1,811,796	50,346,285	48,381,678
2014	44,332,391	1,637,724	45,970,115	42,164,609
2013	44,241,099	1,582,046	45,823,145	42,821,039
2012	44,941,901	1,703,178	46,645,079	43,136,129
2011	45,022,182	2,609,009	47,631,191	43,442,779
2010	38,280,423	2,167,952	40,448,375	36,331,929
2009	38,728,763	1,337,831	40,066,594	36,993,242
2008	38,634,577	1,340,775	39,975,352	37,261,663

Source: Cuyahoga County Fiscal Officer - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the Cuyahoga County Fiscal Officer.

(1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.

(2) Represents collection year.

<u>Percent of Current Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collection as a Percent of Current Levy</u>
98.3%	\$ 906,732	\$ 49,118,427	100.2%
96.1%	707,629	48,822,926	97.5%
99.7%	1,148,768	49,530,446	102.1%
95.1%	865,159	43,029,768	97.1%
96.8%	863,855	43,684,894	98.7%
96.0%	1,046,966	44,183,095	98.3%
96.5%	1,033,573	44,476,352	98.8%
94.9%	1,355,614	37,687,543	98.5%
95.5%	769,993	37,763,235	97.5%
96.4%	971,078	38,232,741	99.0%

NORTH OLMSTED CITY SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Year	General Obligation Bonded Debt (1)	Capital Leases	General Obligation Notes	Total Primary Government
2018	\$ 81,929,833	\$ 29,051	\$ -	\$ 81,958,884
2017	81,203,702	55,016	-	81,258,718
2016	85,410,689	80,191	-	85,490,880
2015	89,734,903 (4)	104,598	-	89,839,501
2014	3,140,000	-	-	3,140,000
2013	3,485,000	-	-	3,485,000
2012	255,000	-	-	255,000
2011	340,000	-	-	340,000
2010	425,000	-	-	425,000
2009	510,000	-	-	510,000

Source:

- (1) School District Financial Records.
- (2) See Schedule S-17 for estimated actual value of taxable property.
- (3) See Schedule S-30 for personal income, population, and ADM data.
These ratios are calculated using data for the prior calendar year.
- (4) 2015 General Obligation Bonded debt has been restated to include unamortized bond premium.

Percentage of Estimated Actual Value (2)	Percentage of Personal Income (3)	Per Capita (3)	Per ADM (3)
3.74%	8.56%	\$ 2,576	\$ 21,450
3.71%	8.49%	2,554	21,266
3.89%	8.82%	2,661	22,159
3.82%	9.55%	2,746	22,205
0.14%	0.33%	96	776
0.15%	0.37%	107	886
0.01%	0.03%	8	61
0.01%	0.04%	11	79
0.02%	0.05%	14	97
0.02%	0.06%	16	111

NORTH OLMSTED CITY SCHOOL DISTRICT
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Assessed Valuation	<u>\$ 781,300,210</u>	<u>\$ 777,598,300</u>	<u>\$ 778,406,210</u>	<u>\$ 777,602,270</u>
Debt Limit -				
9% of Assessed Value (1)	<u>70,317,019</u>	<u>69,983,847</u>	<u>70,056,559</u>	<u>69,984,204</u>
Debt Applicable to Debt Limit:				
G.O. Bonds - Energy Conservation	2,025,000	2,290,000	2,550,000	2,805,000
G.O. Bonds - Facilities Improvement	71,908,668	73,300,000	76,900,000	80,577,000
G.O. Bonds exempt from Debt Limit	(3,616,649)	(5,606,153) (a)	(9,393,441) (a)	(13,397,796)
Amount Available in Debt				
Service Fund	<u>(2,408,007)</u>	<u>(2,295,509)</u>	<u>(4,932,483)</u>	<u>(8,259,771)</u>
Total	<u>67,909,012</u>	<u>67,688,338</u>	<u>65,124,076</u>	<u>61,724,433</u>
Overall Debt Margin	<u>\$ 2,408,007</u>	<u>\$ 2,295,509</u>	<u>\$ 4,932,483</u>	<u>\$ 8,259,771</u>
Total debt applicable to debt limit as a percentage of debt limit	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Overall Limit -				
.10% of Assessed Value (1)	\$ 781,300	\$ 777,598	\$ 778,406	\$ 777,602
Amount of Debt Applicable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unvoted Debt Margin	<u>\$ 781,300</u>	<u>\$ 777,598</u>	<u>\$ 778,406</u>	<u>\$ 777,602</u>
Unvoted debt applicable to debt limit as a percentage of unvoted debt limit	<u>0.000%</u>	<u>0.000%</u>	<u>0.000%</u>	<u>0.000%</u>

Source: Cuyahoga County Fiscal Officer and School District Financial Records.

(a) Represent the amount of General Obligation Bonds exempt from the 9% Debt Limits as allowed under Section 133.06(I) of the Ohio Revised Code.

2014	2013	2012	2011	2010	2009
<u>\$ 780,880,510</u>	<u>\$ 780,684,790</u>	<u>\$ 822,394,500</u>	<u>\$ 829,678,703</u>	<u>\$ 829,915,379</u>	<u>\$ 889,115,760</u>
<u>70,279,246</u>	<u>70,261,631</u>	<u>74,015,505</u>	<u>74,671,083</u>	<u>74,692,384</u>	<u>80,020,418</u>
3,055,000	3,485,000	255,000	340,000	425,000	510,000
<u>(105,820)</u>	<u>(88,112)</u>	<u>(73,930)</u>	<u>(63,277)</u>	<u>(56,172)</u>	<u>(52,637)</u>
<u>2,949,180</u>	<u>3,396,888</u>	<u>181,070</u>	<u>276,723</u>	<u>368,828</u>	<u>457,363</u>
<u>\$ 67,330,066</u>	<u>\$ 66,864,743</u>	<u>\$ 73,834,435</u>	<u>\$ 74,394,360</u>	<u>\$ 74,323,556</u>	<u>\$ 79,563,055</u>
<u>4.35%</u>	<u>4.96%</u>	<u>0.34%</u>	<u>0.46%</u>	<u>0.57%</u>	<u>0.64%</u>
\$ 780,881	\$ 780,685	\$ 822,394	\$ 829,679	\$ 829,915	\$ 889,116
<u>85,000</u>	<u>170,000</u>	<u>255,000</u>	<u>340,000</u>	<u>425,000</u>	<u>510,000</u>
<u>\$ 695,881</u>	<u>\$ 610,685</u>	<u>\$ 567,394</u>	<u>\$ 489,679</u>	<u>\$ 404,915</u>	<u>\$ 379,116</u>
<u>10.885%</u>	<u>21.776%</u>	<u>31.007%</u>	<u>40.980%</u>	<u>51.210%</u>	<u>57.360%</u>

NORTH OLMSTED CITY SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT
AS OF DECEMBER 31, 2015

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount Applicable to School District</u>
<i>Direct Debt:</i>			
North Olmsted City School District	<u>\$ 73,933,668</u>	100.00%	<u>\$ 73,933,668</u>
<i>Underlying Debt:</i>			
Cuyahoga County	207,485,000	2.83%	5,871,826
Regional Transit Authority	1,995,000	2.83%	56,459
North Olmsted City	19,873,537	100.00%	19,873,537
Olmsted Falls School District	<u>41,589,960</u>	1.47%	<u>611,372</u>
Subtotal	<u>270,943,497</u>		<u>26,413,194</u>
Total	<u><u>\$ 344,877,165</u></u>		<u><u>\$ 100,346,862</u></u>

Source: Cuyahoga County Fiscal Officer - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the Cuyahoga County Fiscal Officer.

- (1) Percentages were determined by dividing each overlapping political subdivision's assessed valuation within boundaries of the School District by the total assessed valuation of the subdivision.

NORTH OLMSTED CITY SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Calendar Year	North Olmsted City Population (1)	Per Capita Income (1)	Personal Income	Average Daily Student Enrollment (2)	Cuyahoga County Unemployment Rate (3)
2018	31,734	31,172	989,212,248	3,818	5.6%
2017	31,817	30,080	957,055,360	3,821	6.6%
2016	32,004	30,080	962,680,320	3,838	4.9%
2015	32,130	30,152	968,738,760	3,858	6.1%
2014	32,718	28,754	940,773,372	4,046	8.8%
2013	32,718	29,293	958,408,374	3,993	8.3%
2012	32,718	28,754	940,773,372	4,117	7.9%
2011	32,718	26,757	875,435,526	4,193	9.4%
2010	31,053	28,411	882,246,783	4,314	9.0%
2009	31,319	28,411	889,804,109	4,366	10.2%

Source:

- (1) Per Capita information from U.S. Census Bureau.
- (2) The School District's Records.
- (3) Ohio Job and Family Service Department.

NORTH OLMSTED CITY SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
AS OF DECEMBER 31, 2017 AND DECEMBER 31, 2008

December 31, 2017	
Name of Employer	Percent of Total City Income Taxes Paid
Moen Incorporated	12.82%
North Olmsted City School District	4.49%
The City of North Olmsted	2.11%
Bernie Moreno Companies	1.72%
Factory Mutual Insurance Company	1.43%
Wal Mart Associates, Inc.	1.14%
Ganley Westside Imports	1.12%
PNC Bank NA	1.08%
Champlain Enterprises LLC	1.01%
Palmer Holland, Inc.	0.97%
Total	27.89%

December 31, 2008	
Name of Employer	Percent of Total City Income Taxes Paid
Moen Incorporated	N/A
North Olmsted City School District	N/A
The City of North Olmsted	N/A
Advanstar Communications, Inc.	N/A
Cingular Wireless Employee Services	N/A
Factory Mutual Insurance Company	N/A
Sunnyside Cars, Inc.	N/A
Heartland Employment Services, Inc.	N/A
Wal Mart Associates, Inc.	N/A
Riser Foods Company	N/A
Total	N/A

Source of information - Regional Income Tax Agency based on payroll taxes withheld.
Percent of total city income tax paid is not available at December 31, 2008.

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NORTH OLMSTED CITY SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Administration	24	24	24	25
Instructional:				
Regular Teaching	191	195	194	192
Special Education	21	24	25	26
Vocational Education	2	2	2	2
Remedial Specialist	41	41	45	45
Tutors	14	14	14	14
Others	0	0	0	0
Other Professional:				
Counseling	10	10	10	10
Psychologist	5	5	5	5
Speech therapist	5	5	5	5
Others	1	1	1	2
Support Staff:				
Secretarial	36	37	38	37
Teacher Aides	65	64	67	65
Maintenance	7	7	8	8
Custodial	28	29	32	31
Transportation	29	29	28	28
Food Service	25	28	33	30
Monitors	25	25	25	25
Library Services	9	9	10	10
Computer Technicians	5	5	4	3
Other	3	3	3	3
Total	<u>546</u>	<u>557</u>	<u>573</u>	<u>566</u>

Source: School District financial records.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
25	23	23	23	25	23
200	195	198	206	219	225
29	30	33	35	39	41
3	3	3	4	6	6
46	43	38	37	32	29
11	8	4	3	3	3
0	0	0	0	0	4
11	11	11	11	11	12
5	5	5	5	5	5
5	5	5	5	5	5
6	4	4	4	4	2
37	36	37	38	41	41
64	59	56	52	58	58
10	7	7	8	9	8
34	34	34	35	38	38
26	27	28	29	35	34
30	29	28	28	28	26
30	25	15	15	15	15
10	10	10	9	15	13
4	4	4	4	4	4
5	5	5	4	4	4
<u>591</u>	<u>563</u>	<u>548</u>	<u>555</u>	<u>596</u>	<u>596</u>

NORTH OLMSTED CITY SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>
Source of Revenue - North Olmsted:							
Local	72.4%		72.2%		72.0%		70.1%
State	23.1%		23.7%		23.7%		25.3%
Federal	4.5%		4.1%		4.3%		4.6%
Source of Revenue - Statewide:							
Local	48.7%		49.3%		48.8%		48.6%
State	44.4%		43.6%		43.8%		44.1%
Federal	6.9%		7.1%		7.4%		7.3%
Cost per Pupil:							
North Olmsted	NA	[b]	\$ 15,199		\$ 14,970		\$ 14,676
Statewide	NA	[b]	\$ 11,603		\$ 11,164		\$ 10,985
Transportation:							
Percent of students transported	47.0%		46.0%		38.0%		38.0%
Number of miles traveled	272,618		269,280		299,207		268,790
Food Service:							
Annual operating deficit	\$ (85,658)		\$ (134,692)		\$ (152,404)		\$ (89,798)
Number of meals served	374,621		391,416		397,183		416,530
Number of federally subsidized meals served	316,403		306,647		319,227		319,888
Number of students receiving federally subsidized meals	1,664		1,604		1,657		1,605
Median Income:							
North Olmsted	NA	[b]	\$ 37,127		\$ 36,654		\$ 36,056
Statewide	NA	[b]	\$ 33,782		\$ 33,100		\$ 32,873
New Construction Within the District:							
Residential	\$ 11,658,230		\$ 12,185,536		\$ 12,155,563		\$ 10,303,576
Commercial	\$ 8,120,166		\$ 18,977,099		\$ 21,527,686		\$ 11,016,817
	\$ 1,152,853						

Source: School District financial records.

[a] In fiscal year 2010, the School District started providing breakfasts at all school buildings.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
71.8%	73.6%	71.2%	68.8%	66.4%	69.1%
23.3%	21.4%	23.7%	25.5%	27.5%	26.5%
4.9%	5.0%	5.1%	5.7%	6.1%	4.3%
49.4%	49.7%	47.3%	44.7%	45.7%	46.4%
42.9%	42.1%	44.1%	45.5%	44.1%	45.4%
7.7%	8.2%	8.6%	9.9%	10.2%	8.2%
\$ 14,518	\$ 13,483	\$ 13,697	\$ 13,018	\$ 12,662	\$ 12,226
\$ 10,912	\$ 10,445	\$ 10,508	\$ 10,569	\$ 10,512	\$ 10,184
56.0%	55.0%	53.0%	47.0%	50.0%	51.0%
295,853	280,620	295,926	346,890	340,740	337,140
\$ (130,565)	\$ (101,390)	\$ (77,329)	\$ (101,620)	\$ (80,843)	\$ (104,606)
480,806	476,582	528,000	486,728	504,189 [a]	341,724
327,343	325,637	370,526	323,877	339,455 [a]	171,780
1,687	1,696	1,628	1,624	1,550	1,547
\$ 35,587	\$ 35,124	\$ 34,380	\$ 33,973	\$ 35,006	\$ 35,099
\$ 33,074	\$ 32,180	\$ 31,681	\$ 30,850	\$ 31,520	\$ 31,341
\$ 9,076,195	\$ 11,964,770	\$ 15,797,334	\$ 7,576,054	\$ 7,094,128	\$ 6,574,278
\$ 9,920,152	\$ 33,343,735	\$ 15,627,004	\$ 30,033,394	\$ 3,982,820	\$ 9,533,967

NORTH OLMSTED CITY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>School Building</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Birch Primary (1967)				
Square Feet	35,522	35,522	35,522	35,522
Capacity	464	464	464	464
Enrollment	366	355	272	298
Butternut Primary (1968)				
Square Feet	N/A (2)	N/A (2)	31,682	31,682
Capacity	N/A	N/A	408	408
Enrollment	N/A	N/A	291	282
Forest Primary (1971)				
Square Feet	31,508	31,508	31,508	31,508
Capacity	336	336	336	336
Enrollment	327	315	236	241
Spruce Primary (1967)				
Square Feet	24,764	24,764	24,764	24,764
Capacity	312	312	312	312
Enrollment	229	217	254	226
Chestnut Intermediate (1956)				
Square Feet	42,381	42,381	42,381	42,381
Capacity	480	480	480	480
Enrollment (b)	335	317	266	270
Maple Intermediate (1956)				
Square Feet	42,381	42,381	42,381	42,381
Capacity	504	504	504	504
Enrollment	374	386	392	393
Pine Intermediate (1965)				
Square Feet	53,308	53,308	53,308	53,308
Capacity	260	260	260	277
Enrollment	380	384	271	271
Middle School (1930)				
Square Feet	N/A (1)	N/A (1)	N/A (1)	114,987
Capacity	N/A	N/A	N/A	949
Enrollment	N/A	N/A	N/A	582
High School (1962)				
Square Feet	208,304	208,304	208,304	208,304
Capacity	1,194	1,194	1,194	1,194
Enrollment	1,205	1,270	1,339	1,289

Source of information - School District financial records.

- (1) The Middle School was closed at the end of fiscal year 2015. The students will be housed in an off-site rented facility to allow for the construction of a new Middle/High School Campus scheduled to be completed August 2018.
- (2) The Butternut Primary School was closed at the end of fiscal year 2016 and converted into an Administrative Center. The students who were to attend this school were reassigned to the remaining primary schools of Birch, Forest and Spruce.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
35,522	35,522	35,522	35,522	35,522
464	464	464	464	464
321	463	429	428	414
31,682	31,682	31,682	31,682	31,682
408	408	408	408	408
278	233	247	253	250
31,508	31,508	31,508	31,508	31,508
336	336	336	336	336
255	254	223	237	258
24,764	24,764	24,764	24,764	24,764
312	312	312	312	312
245	204	200	190	173
42,381	42,381	42,381	42,381	42,381
480	480	480	480	480
261	255	261	292	314
42,381	42,381	42,381	42,381	42,381
504	504	504	504	504
397	291	275	296	291
53,308	53,308	53,308	53,308	53,308
456	456	456	456	456
271	406	396	420	449
114,987	114,987	114,987	114,987	114,987
949	949	949	949	949
646	650	680	619	657
208,304	208,304	208,304	208,304	208,304
1,194	1,194	1,194	1,194	1,194
1,376	1,389	1,405	1,458	1,508

NORTH OLMSTED CITY SCHOOL DISTRICT
CAPITAL ASSET INFORMATION
LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Land	\$ 1,504,554	\$ 1,504,554	\$ 1,504,554	\$ 1,490,054
Construction in progress	73,449,541	26,594,140	4,368,321	-
Land improvements	1,474,231	1,362,544	1,574,609	1,874,235
Buildings and improvements	22,601,506	22,517,010	21,844,536	24,880,819
Furniture and equipment	3,146,411	2,966,630	3,216,945	3,583,540
Vehicles	<u>3,170,866</u>	<u>2,986,869</u>	<u>3,223,202</u>	<u>2,487,753</u>
Total	105,347,109	57,931,747	35,732,167	34,316,401
Less accumulated depreciation	<u>(18,110,578)</u>	<u>(17,134,270)</u>	<u>(17,950,904)</u>	<u>(19,420,572)</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 87,236,531</u>	<u>\$ 40,797,477</u>	<u>\$ 17,781,263</u>	<u>\$ 14,895,829</u>

Source: School District financial records.

2014	2013	2012	2011	2010	2009
\$ 1,374,279	\$ 1,172,491	\$ 1,172,491	\$ 1,172,491	\$ 1,172,491	\$1,172,491
-	61,142	2,559,093	26,401	-	69,021
1,477,160	1,477,160	869,318	869,318	835,881	835,881
24,880,819	24,057,405	20,695,929	20,055,478	20,027,650	19,397,055
3,302,784	3,133,348	3,012,418	2,936,573	2,894,313	3,166,187
2,739,976	2,781,976	3,087,156	2,980,704	2,976,568	2,994,178
33,775,018	32,683,522	31,396,405	28,040,965	27,906,903	27,634,813
(18,662,346)	(17,861,536)	(17,135,183)	(16,414,810)	(15,568,169)	(14,892,229)
<u>\$ 15,112,672</u>	<u>\$ 14,821,986</u>	<u>\$ 14,261,222</u>	<u>\$ 11,626,155</u>	<u>\$ 12,338,734</u>	<u>\$12,742,584</u>

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